



23616.001

In the United States Patent & Trademark Office Before the Board of Patent Appeals and Interferences

Appellant: Warren E. Friss, et. al.

Serial No: 09/488,107

Filed: January 20, 2000

For: METHOD AND APPARATUS FOR OFFERING FOR SALE
COLLECTIBLES ON PRIMARY AND SECONDARY MARKETS

Examiner: Jagdish N. Patel

Art Unit: 3624

August 26, 2004

APPELLANTS' SUPPLEMENTAL BRIEF ON APPEAL

Commissioner for Patents
P. O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

I. ORAL HEARING

Appellants reserve the right to request an oral hearing. The fee set forth is enclosed with the accompanying Fee Transmittal.

II. REAL PARTY IN INTEREST

The real party in interest is The Topps Company, Inc., assignee of this application from all of the inventors, namely Warren E. Friss and Steven J. Katz.

III. RELATED APPEALS AND INTERFERENCES

There are no other appeals or interferences known to Appellants or Appellants' legal representatives that will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

IV. STATUS OF THE CLAIMS

Claims 34-38, 41, 43-52, 54-57 and 59-141 are pending in this application. No claim has been allowed. Claims 34-38, 41, 43-52, 54-57 and 59-141 are subject to a Rejection dated March 12, 2004, and it is from this rejection that this Appeal is taken. The claims on appeal are set forth in the Appendix.

V. STATUS OF AMENDMENTS

This Supplemental Brief on Appeal has been filed in response to the Office Action of March 12, 2004.

VI. SUMMARY OF INVENTION

The present invention, which is the subject of this appeal, relates to a method and apparatus for offering collectibles for sale on a primary market and a secondary market. An illustrative example of the collectibles are trading cards and, in particular, cards bearing the likeness of athletes. The value of such cards and the resulting profitability of the contemplated sales depend on the condition of the offered collectibles. First, a selected number of chosen collectibles of a given condition are placed in an initial placement offering for sale on the primary market to potential purchasers. In particular, the collectibles placed in the initial placement offering are of a predetermined condition, e.g., an uncirculated condition. Second, one or more original purchasers purchase the collectibles of the predetermined condition on the primary market, before offering to one or more subsequent purchasers at least one purchased collectible of the predetermined condition on the secondary market. Then, one or more of the original or subsequent purchasers offer for sale on the secondary market to one or more original or subsequent purchasers. In a further aspect of this invention, the condition of the collectibles are maintained at their predetermined

condition during their offering for sale on the primary and secondary markets, whereby the purchased collectible are of the predetermined condition.

In an illustrative embodiment of this invention, the method and apparatus for offering collectibles for sale on the primary and secondary markets is implemented by a programmed computer. In order to keep track of the purchased collectibles, a purchaser history database is constructed. In particular, each time a potential purchaser places an offer for a collectible, an account file for that purchaser is constructed within the database. When a purchaser buys and/or sells a collectible, a record of such activity is entered into the purchaser's account file. When a purchaser subsequently sells a collectible on the secondary market and another purchaser buys it, the sold collectible is deleted from the selling purchaser's account file and is added to the buying purchaser's account.

An illustrative embodiment of this invention includes (as shown in Figure 1 and described from page 8, line 10 to page 9, line 17 of the specification) a server system 22, and a plurality of purchaser systems 10a, 10b - 10n. Image data representative of the collectibles is embedded into corresponding webpages 24a, 24b and 24c, which are stored in a webpage database 25. A purchaser or user uses a corresponding purchaser system 10 to access the system 22 over a link 20, which may illustratively take the form of the Internet. Each purchaser system 10 comprises a browser 12, a file 14 for storing an identifier assigned to the system's purchaser, a display 16 and a data input 18, whereby the purchaser can input data into its system 10.

As will be detailed below, the purchaser uses the browser 12 to send an order for a collectible over the link 20 to the server system 22. This system 22 comprises a server engine 26, the webpage database 25, a server database 30 and a purchaser history 28. The server engine 26 processes the purchaser's orders to access selectively one of the webpages 24 that is stored in the webpage database 25 and to download the selected webpage 24 bearing illustratively order data and an image of the collectible over the link 20 to show the order on the display 16 and, in particular, to offer for sale the shown collectible to the potential purchaser.

Another aspect of this invention contemplates the offering of collectibles for sale on a primary market in the nature of an initial public offering (IPO) (as shown in Figures 2A and described in the specification from page 9, line 19 to page 10, line 7), and the creation of a secondary market (as shown in Figure 2B and described on page 10, lines 9 to 17). In one illustrative embodiment of this invention, the collectibles illustratively take the form of trading cards 40 bearing the likeness of athletes. As shown in Figure 2A, the webpage 24a helps to implement the IPO and bears data which defines the image carried by the card 40 and, in particular, the likeness appearing on the card 40. In the illustrative embodiment of Figure 2A, three likenesses of different athletes are borne respectively by the cards 40a, 40b and 40c. Further, the IPO webpage 24a bears the price to be charged for each card 40, the number of cards 40 of each likeness, the instance (date and time) when the window of time begins to enable the purchaser to enter an order and the width of that window, and a select button 42 for each likeness. The purchaser clicks on a selected one of the buttons 42 to order the corresponding card 40 with the selected likeness.

Another aspect of this invention creates the secondary market for the card(s) 40, which the purchaser has purchased on the primary market as explained above. If the purchaser wants to sell one or more of the cards 40 that were purchased on the primary market, he/she authorizes a sale of a particular card(s) 40, whereby a webpage 24b as shown in Figure 2B is downloaded from the server system 22 via the link 20 to the purchaser system 10 to be shown on the display 16. The webpage 24b implements as will be explained the secondary market and displays the selected card, the name of the athlete borne by the card 40, its "Take It" price (the price that the purchaser agrees to sell the selected card 40 for), the card's estimated value, and an order box 44, where the potential purchaser on the secondary market can enter a price for the card 40.

The method of effecting the IPO of the cards 40 on the primary market (as shown in Figures 3, 4 and 5, and described at page 10, line 19 to page 14, line 6) is controlled by a program, which is stored in the server database 30 and executed by the server engine 26. As shown in Figure 3, the program is initialized by an administrator setting in step 58 the length

of time during which the cards 40 will be offered for sale on the primary market. Further, the price and number of the cards are set in step 62. Thereafter as shown in Figure 4, step 102 compares the present time with the sale termination time, which was set in step 58. If the present time is less than the sale termination time, the sale on the primary market has not ended. In another embodiment of this invention, step 102 may terminate the IPO if the number of orders received from the purchasers exceeds a preset maximum number. In step 110, the history of a purchaser is constructed in the purchaser history database 28 of the server system 22. First, step 110 searches the purchaser history database 28 to determine whether the purchaser attempting to place an order has entered a previous order. If not indicating that the purchaser is a first time purchaser, step 111 enters in the purchaser history database 28 a file of the purchaser's demographic data. As the purchaser places orders and purchases cards 40, records of such activity are also stored in the purchaser's file in the purchaser history database 28.

After the database 28 has been constructed, step 112 downloads the IPO webpage 24a from the server system 22 to the purchaser system 10 to be presented to the purchaser by its display 16. In step 114, the purchaser selects one of the displayed cards 40a, 40b and 40c and clicks on the select button 42 corresponding to the selected card 40. Thereafter, the purchaser is prompted to enter the number of ordered cards 40 via the input device 18; the number of ordered cards 40 is also stored in the file of the purchaser history database 28. Next, step 116 checks the purchaser's history database 28 to determine whether the purchaser has successfully purchased and received the cards 40. If so, the purchaser is provided the option to sell the received cards 40 on the secondary market as will be explained below. After step 116 has been completed, the program returns to step 102 to wait for the next order to be received by the server system 22.

If step 102 of Figure 4 determines that the IPO has been completed, step 120 as shown in Figure 5 totals the number of cards which were ordered in the course of the IPO or primary marked sale. Then, step 122 identifies the successful purchasers and the number of cards allocated to each of the successful purchasers, before step 126 transmits notices to the

successful purchasers bearing such information. These notices also inform the purchasers of their options to have the cards 40 sent to them or to place them in an escrow account. If the purchaser decides in step 128 to escrow its cards 40, they are sent in step 132 to the escrow account, where the cards 40 are kept in a benign environment. If the purchaser decides to take physical possession of the cards 40, they are placed in a protective case before being forwarded in step 130 to the successful purchaser.

An illustrative method of facilitating a successful purchaser on the IPO to offer for sale its escrowed cards on the secondary market (as shown in Figures 6 and 7, and described at page 14, line 7 to page 16, line 7) is carried out in the manner of an auction. Step 116 as shown generally in Figure 4 and in detail in Figure 6 checks the purchaser history database 28 (Figure 1) to determine whether the purchaser holds escrowed cards 40. If the purchaser has escrowed card(s) 40 as determined in step 136, step 138 down loads a webpage 24 (not shown) to ask this purchaser whether he/she wishes to sell any of its escrowed card(s) 40 on the secondary market. If yes, step 140 initiates the offering for sale on the secondary market as will be explained in detail with respect to Figure 7. After a secondary purchaser (not to be confused with the successful purchaser on the IPO) has entered a request to participate in the secondary offering via its purchaser system 10 (Figure 1) to the server system 22, step 148 downloads the secondary market webpage 24b (Figure 2B) to the purchaser system 20, where the secondary market webpage 24b is shown on the display 16. If the secondary purchaser wants to submit a new order, he/she places it in the enter order block 44 (Figure 2B), whereby the new order updates the file of the secondary purchaser in the purchaser history database 28. Step 160 ranks the received orders by the amount of the submitted order and determines the winning secondary purchaser(s) as the one(s) who entered the highest bid(s). Then, step 162 notifies the offering seller/primary purchaser(s) that their cards have been sold and the successful secondary purchasers with the highest bid(s) that they have purchased the offered cards 40. If the winning secondary purchaser decides in step 164 to place the purchased collectibles in escrow, then step 166 takes the appropriate action to escrow this card(s) 40 and to update the accounts in the purchaser history database 28 (Figure 1) of the

successful secondary purchaser and of the seller/primary purchaser. Thus title to the purchased cards 40 has been transferred from the seller/primary purchaser to the successful secondary purchaser by simply deleting in step 166 the transferred cards 40 from the seller/primary purchaser's account in the purchaser's history database 28 and adding the transferred cards 40 to the account of the successful secondary purchaser.

VII. ISSUES PRESENTED FOR REVIEW

Six issues are presented for review in this appeal:

(1) Has the Examiner constructed a record that satisfies the "sufficient evidence" standard to conclude that Claims 34-38, 41, 43-52, 54-57 and 59-141 are anticipated under 35 U.S.C. §102(b) and/or are obvious under 35 U.S.C. §103(a) over U.S. Patent Nos 5,845,265 or 6,266,651 of Woolston.

(2) Has the Examiner constructed a record that satisfies the "sufficient evidence" standard to conclude that the specification fails to support the subject matter set forth in Claims 62-69 and 108-114 and that the aforementioned claims contain subject matter which was not adequately described in the specification as originally filed under 35 U.S.C. §112, first ¶.

(3) Has the Examiner constructed a record that satisfies the "sufficient evidence" standard to conclude that Claims 34-38, 41, 43-45, 47-52, 54-57, 74-76, 77-95, 102, 103 and 115-141 are indefinite under 35 U.S.C. §112, second ¶.

VIII. GROUPING OF CLAIMS

There are eight (8) groups of claims on appeal. Each of the claims of each group do not stand or fall together.

Group 1 includes Claim 71.

Group 2 includes Claim 72.

Group 3 includes Claim 34.

Group 4 includes Claims 36, 37 and 38.

Group 5 includes Claims 41 and 43.

Group 6 includes Claims 44 and 45.

Group 7 includes Claim 46.
Group 8 includes Claims 47 and 48.
Group 9 includes Claim 73.
Group 10 includes Claims 74, 75 and 76.
Group 11 includes Claims 59 and 60.
Group 12 includes Claim 61.
Group 13 includes Claim 77.
Group 14 includes Claim 78.
Group 15 includes Claim 80.
Group 16 includes Claim 81.
Group 17 includes Claims 82, 83, 84 and 85.
Group 18 includes Claims 86 and 87.
Group 19 includes Claim 88, 90 and 91.
Group 20 includes Claim 89.
Group 21 includes Claim 92.
Group 22 includes Claim 93.
Group 23 includes Claim 94.
Group 24 includes Claim 95.
Group 25 includes Claim 96.
Group 26 includes Claims 97 and 98.
Group 27 includes Claims 99, 100 and 101.
Group 28 includes Claim 102.
Group 29 includes Claim 103.
Group 30 includes Claims 104, 105, 106, 107, 108 and 109.
Group 31 includes Claim 110.
Group 32 includes Claim 111.
Group 33 includes Claim 112.
Group 34 includes Claim 113.

Group 35 includes Claim 114.
Group 36 includes Claim 115.
Group 37 includes Claim 116.
Group 38 includes Claim 117.
Group 39 includes Claim 118.
Group 40 includes Claim 119.
Group 41 includes Claim 120.
Group 42 includes Claim 121 and 122.
Group 43 includes Claim 123.
Group 44 includes Claim 124.
Group 45 includes Claims 125, 126, 127 and 128.
Group 46 includes Claim 129.
Group 47 includes Claim 130.
Group 48 includes Claim 131.
Group 49 includes Claim 132.
Group 50 includes Claim 133.
Group 51 includes Claim 134.
Group 52 includes Claim 135.
Group 53 includes Claim 136.
Group 54 includes Claim 137.
Group 55 includes Claims 138 and 139.
Group 56 includes Claim 140.
Group 57 includes Claim 141.
Group 58 includes Claim 49.
Group 59 includes Claim 50.
Group 60 includes Claim 51.
Group 61 includes Claim 52.
Group 62 includes Claims 54 and 55.

Group 63 includes Claim 56.
 Group 64 includes Claim 57.
 Group 65 includes Claim 62.
 Group 66 includes Claim 63.
 Group 67 includes Claim 64.
 Group 68 includes Claim 65.
 Group 69 includes Claim 66.
 Group 70 includes Claim 67.
 Group 71 includes Claim 68.
 Group 72 includes Claim 69.
 Group 73 includes Claim 70.

IX. ARGUMENT

The Examiner Must Construct a Record Showing Unpatentability that Satisfies the "Substantial Evidence" Standard

The Supreme Court has held that decisions of the U.S. Patent and Trademark Office (USPTO) must meet a new burden of proof. *Dickenson v. Zurko*, 527 U.S. 150, 50 USPQ2d 1930 (1999). The Federal Circuit now reviews findings of fact under the "substantial evidence" standard of the Administrative Procedure Act ("APA") to support a conclusion that a claim at issue is unpatentable. *In re Gartside*, 203 F.3d 1305, 1315, 53 USPQ2d 1769, 1775 (Fed. Cir. 2000). To satisfy the "substantial evidence" standard and, therefore, establish a *prima facie* case of anticipation under 35 U.S.C. 102 or obviousness under 35 U.S.C. 103(a), the USPTO has the initial burden of establishing unpatentability. *In re Mullin*, 481 F.2d 1333, 1336, 179 USPQ 97, 100 (CCPA 1973). The USPTO (whether an Examiner or the Board of Patent Appeals and Interferences ("Board")) must make the necessary findings of fact to construct an administrative record containing evidence to support these findings, accompanied by reasons to support a conclusion of unpatentability. *In re Kotzab*, 217 F.3d 1365, 55 USPQ2d 1313 (Fed. Cir. 2000); *In re Zurko*, 258 F.3d 1379, 59 USPQ2d 1693 (Fed. Cir. 2001) ("*Zurko IV*"). After the *Zurko IV* decision, whether a rejection on prior art is

sustained by the Federal Circuit depends on whether the USPTO has made an adequate record.

A *prima facie* case requires substantial evidence of all the limitations of the claim being examined. In *In re Kotzab*, the Federal Circuit stated that the mere identification in an applied reference of a particular component that corresponds to a claimed recitation does not satisfy the "substantial evidence" standard. Rather the USPTO is required to make particular findings as to the reasons that a person of ordinary skill in the art, with no knowledge of the claimed invention, would have selected from the applied reference the noted components for combination in the manner claimed. To support a conclusion that a claimed invention lacks novelty under 35 U.S.C. §102, a single reference must teach all of the elements of a claim. *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1379, 231 USPQ 81, 90 (Fed. Cir. 1986).

A prior art reference need not expressly disclose a particular element of a claim, if that element is "inherent" in its disclosure. To satisfy the substantial evidence standard, however, the record must make clear that the missing descriptive matter is necessarily disclosed by the cited reference, and that one skilled in the art would have recognized the inherent disclosure. *In re Robertson*, 169 F.3d 743, 49 USPQ2d 1949 (Fed. Cir. 1999). Whether or not a disclosed element is described in an applied reference may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient. To support an anticipation rejection based on inherency, the USPTO must provide the factual and technical grounds establishing that the inherent feature necessarily flows from the teachings of the prior art. *Ex parte Levy*, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Int. 1990).

In *Zurko IV*, the Federal Circuit cautioned against taking official notice of certain subject matter or holding that such matter is inherent in the prior art without providing specific documentary evidence to support these facts. Although the court acknowledged that the USPTO might rely upon its expertise as to peripheral issues, the USPTO could not reach conclusions of patentability based upon its own understanding or expertise with respect to the

core factual findings in a determination of patentability. Rather the Board or the Examiner must point to some concrete evidence in the record to satisfy the substantial evidence standard of the APA.

In a memorandum dated February 21, 2002 from Stephen G. Kunin (Deputy Commissioner for Patent Examination Policy), the Patent Examining Corps was advised that:

Official notice without documentary evidence to support an examiner's conclusion is permissible only in some circumstances. While "official notice" may be relied on, as noted in MPEP §2144.03, these circumstances should be rare when an application is under final rejection or action under 37 CFR 1.113. Official notice unsupported by documentary evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known. *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970). In appropriate circumstances, it might not be unreasonable to take official notice of the fact that it is desirable to make something faster, cheaper, better, or stronger without the specific support of documentary evidence. Furthermore, it might not be unreasonable for the examiner in a first Office action to take official notice of facts by asserting that certain limitations in a dependent claim are old and well known expedients in the art without the support of documentary evidence provided the facts so noticed are of notorious character and serve only to "fill in the gaps" which might exist in the evidentiary showing made by the examiner to support a particular ground of rejection. *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697.

It would not be appropriate for the examiner to take official notice of facts without citing a prior art reference where the facts asserted to be well known are not capable of instant and unquestionable demonstration as being well-known. For example, assertions of technical facts in the areas of esoteric technology or specific knowledge of the prior art must always be supported by citation to some reference work recognized as standard in the pertinent art. *In re Ahlert*, 424 F.2d at 1091, 165 USPQ at 420-21.

It is never appropriate to rely solely on "common knowledge" in the art without evidentiary support in the record, as the principal evidence upon which a rejection was based. *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697. As the court held in *Zurko*, an assessment of basic knowledge and common sense that is not based on any evidence in the record lacks substantial evidence support. *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697 (emphasis in original).

The basic rules for analyzing an obviousness rejection under 35 USC §103 were established in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966). A *Graham* analysis requires an inquiry into: (1) the scope and content of the prior art, (2) the differences between the prior art and the claimed subject matter, and (3) the level of ordinary skill in the art at the time the invention was made. To establish a *prima facie* case of obviousness under *Graham*, the USPTO must construct a record that addresses each of the above three inquiries. Further, the prior art relied upon must disclose some suggestion or motivation to one skilled in the art to modify the applied reference or to combine a plurality of references. *In re Fine*, 837 F.2d 1071, 1074, 5 USPQ2d 1596, 1598 (Fed. Cir. 1988).

In *In re Lee*, 61 USPQ2d 1430 (Fed. Cir. 2002), the Federal Circuit commented on combining two references to support a prior art rejection, and rejected the Board's rationale that it was neither necessary to present a source of a teaching, suggestion, or motivation to combine the references and that the conclusion of obviousness may be made from common knowledge and common sense of a person of ordinary skill in the art without any specific hint or suggestion in a particular reference.

The Federal Circuit concluded that the Board has an obligation to make the necessary findings and provide a record showing the evidence on which the findings are based accompanied by the Board's reasoning in reaching its conclusions. The court further noted that in rejecting the claims in Lee's application, neither the examiner nor the Board adequately supported the selection and combination of the cited references. As the factual question of motivation is material to patentability, it could not be resolved on subjective belief and unknown authority. The Board's attempt, according to the court, to substitute common knowledge and common sense for a finding of motivation was viewed as nothing more than the issuance of a conclusionary statement that did not fulfill the USPTO's obligation to set forth reasoned findings. In vacating the Board's decision and remanding the application to the USPTO to make the appropriate findings, the court stated that: "the Board's findings must extend to all material facts and must be documented on the record, less the 'haze of so-called expertise' acquire insulation from accountability."

The motivation, suggestion or teaching may come explicitly from statements in the prior art, the knowledge of one of ordinary skill in the art, or, in some cases the nature of a problem to be solved. *In re Dembiczak*, 175 F.3d 994, 999, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999). The motivation also may be implicit from the prior art as a whole, rather than expressly stated in the references. However, whether the USPTO relies on an express or an implicit showing of motivation, it must provide particular findings related to its conclusion, and the showing must be clear and particular. *Id.* Broad conclusionary statements standing alone are not "evidence." *Id.*

**The Examiner's Record Fails to Show that
Appellants' Claims are Anticipated (35 U.S.C. §102) Over Woolston '651**

The Non-Final Office Action dated March 12, 2004 rejects Claims 71, 72, 34 - 38, 44 - 48, 73 - 76, 59 - 61, 77 - 81, 86 - 95, 96 - 103, 110 - 141, 49 - 52 and 54 - 57 under 35 U.S.C. §102(e) as being anticipated over U.S. Patent No. 6,266,651 of Woolston (Woolston '651).

The issue that is presented to the Board by this Appeal is whether the record set out in the March 12, 2004 Office Action meets the "substantial evidence" standard under the Administrative Procedure Act? Since the present rejection is based upon §102(b), the Examiner must show that Woolston '651 discloses each element of the rejected claims, which the Examiner has failed to do. A comparison of the recitations of each of the rejected claims with the Examiner's record, indicates that the Examiner's record has failed to mention each certain recitation of the rejected claims as will be pointed out below for each claim.

Woolston Disclosure

Woolston '531 discloses as shown in Figure 1 a consignment node, which operated by a consignment node user or operator, herein "user", to offer for sale to potential purchasers or participants, herein participants" a used good or collectible, herein "good", by displaying an image of that good on a participant terminal 28 to the participant. The consignment node includes a computer 10, which comprises a computer display 16, a keyboard 18, a data

storage device or database 22, which stores data that is indicative of goods to be offered for sale, and a network connection 26, which transmits the goods data via a network to the participant terminal 28. The user constructs a catalogue of goods to be offered for sale by entering data for one good at a time into the storage device 22. Further, the consignment node as shown in Figure 1 is connected to each of a plurality of consignment nodes by a network (Woolston is unclear whether this network is the one shown in Figure 1). See Figure 1 and col. 1, line 19 to col. 3, line 7.

The consignment node is operable in the following modes: 1) an auction mode, 2) a market mode, and 3) an agent mode. The auction mode allows a participant to log into a consignment node to participate in an auction. The market mode allows the participant to log into a consignment node to browse the consignment node database 22 for goods stored therein. Further, the agent mode may search its own database 22 for the requested good and/or generate agents that are transmitted via the network to the other consignment nodes, and report back a search request of the other consignment nodes. See col. 3, lines 8 - 24.

Independent Claim 71

The entire record made by the Examiner (see page 10, line 5 - page 11, line 9 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 71** based upon Woolston '651 is reproduced as follows:

Claim 71. Woolston teaches a method of facilitating an issuer of collectibles for sale, each collectible having a predetermined condition ("computerized market", abstract), said method comprising steps of:

a) initially offering for sale the collectibles to potential purchasers for a period of time set by the issuer (per Woolston, offering of collectibles is communicated by a consignment node to potential purchasers col. 2 electronic markets for collectible goods, as disclosed in col. 5 and 6 in auction mode a pawn shop operator offers to potential purchasers several Rolex watches in an auction for a predetermined time set by the operator);

b) receiving orders from the ordering purchasers (..col. 5 and 6, receiving bids from the ordering purchasers).

step c) allocating the offered collectibles among selected of the ordering potential customers (col. 6 L 27 – 37 consignment node mode electronically scans..the participants for bids and accepts highest bid..the consignment node repeats this process until no higher bid is received, this recitation clearly teaches that the offered collectibles are allocated to highest bidders in order the bids are received)

Woolston teaches step e) maintaining condition of the collectibles..(col. 17 L 60 – col. 18 L 5, ..hold the good for a predetermined time and/or ship the good to a long term storage faculty). (noting that this limitation has no functional relationship to steps (a) – (c) and as such treated as “non functional descriptive material”, see also 112 (second) rejection of the claim).

c) facilitating steps a) – c) by a programmed computer (see Figures 1 – 3 which depict implementation of the method).

With respect to **Claim 71**, the record as reproduced above fails to demonstrate that Woolston disclosed the following recitations: 1) "A method of facilitating an issuer of collectibles to manage an offering of collectibles for sale , each of the collectibles having a predetermined condition (from preamble);" 2) "a) initially offering for sale the collectibles to potential purchasers for a period of time set by the issuer;" 3) "c) allocating the offered collectibles among selected of the ordering potential purchasers:" and 4) “e) maintaining the condition of the collectibles during steps a), b) and (c, whereby the allocated collectibles are of the predetermined condition and the issuer may guarantee the condition of the allocated collectibles."

Preamble of Claim 71: The Examiner's trust in the Woolston's Abstract '651 to teach "an issuer of collectibles for sale" and that "each collectible" has "a predetermined condition" is misplaced. The Applicants assert that neither the Abstract nor any other part of Woolston teaches these recitations. In particular, Woolston's "consignment node user" does not operate as the "issuer" that is recited in Appellants' claims and, in particular, claim 71. In contrast to Appellants' issuer who manages the initial offering of collectibles of a predetermined condition, Woolston's consignment node user does not deal with the initial placement of collectibles in any fashion. In fact, Woolston is silent as the how his goods are initially issued. Rather, as will be explained below, the consignment node users manage

collectibles only after they have been initially issued or offered for sale on a primary market or initial placement. In other words, the consignment node users only operate on collectibles in a secondary market. As disclosed at column 3, lines 46 - 51, of Woolston '651, his consignment node user is "a base ball card collector shop and the user wants to post his Babe Ruth collection" by building a database a record for that collectible, e.g., Babe Ruth Card. In this example, the consignment node user is the "legal and equitable owner of the Babe Ruth card"(column 4, lines 9 - 12). In a second example (column 4, lines 12 - 38), "a local resident would like to post, for example his Frank Robinson baseball card. The resident brings his Frank Robinson card to the baseball card store and tells his consignment node user he would like to offer his Frank Robinson card for a consignment sale"(column 4, lines 13 - 17). At best, the resident is the second owner, but not the issuer of his card. In a third example as described at column 15, line 43 to column 16, line 26, with respect to Figure 13, the consignment node user constructs a record by entering data into an interface about a good, e.g. a Rolex watch. This record facilitates the offering for sale of that watch to potential purchases or participants by displaying the watch to that potential purchaser. In particular, the interface as shown in Figure 13 includes a record or field 920 for displaying an image of the watch that was entered by the user and will be offered for sale, and a description file 956 for displaying a written description of the watch that was entered by the user. In particular, the entered description reads, "This is a mint condition Rolex that was a gift to the previous original owner"(Figure 13). At best, the donor of the Rolex was the first owner of the watch, but not the issuer of the watch.

In all three examples, the collectibles to be offered for sale are neither a part of an initial offering nor being offered for sale on a primary market. Rather, Woolston '651 identifies another entity from which each of collectible was obtained. In the first Example, the Babe Ruth card was obtained from the consignment node user. Even so, Woolston is silent as to where the user obtained his Babe Ruth card. In the second example, the Frank Robinson card was obtained from the a local resident. However, Woolston is silent as to where the local resident obtained the Frank Robinson card. In the third example, the Rolex

watch was a gift to the previous owner from an unidentified donee. Woolston is also silent as to from whom the unidentified donee obtained the Rolex watch. In each of these three examples, Woolston fails to identify the source of these collectibles, much less who was the issuer of the original offering of collectibles of a predetermined condition.

Woolston's consignment node user constructs a record of the collectible by entering data in a display record as to the condition of the collectible. As described at column 2, lines 19 to 30, there are a plurality of consignment nodes and a corresponding plurality of consignment node users. Each of these users evaluates and inputs data for a consignment node as to the good's condition. Woolston '651 acknowledges that the consignment node user for each of the nodes upon which each of the Babe Ruth cards (column 3, lines 57 – 66) and the Frank Robinson cards (column 4, lines 28 – 33) is kept, adds value to his consignment node by inputting "subjective information" or "subjective criteria" as to the condition of the respective cards. Further, Woolston '651 acknowledges that there is a need to "police" the consignment node users for "poor quality control consignment node users", and determines the condition of his goods by many consignment node users, which may lead to inconsistencies in the indications of the goods' conditions and to thereby reduce the confidence of the potential purchasers about the condition of the goods being offered for sale.

As detailed above, Woolston '651 does not monitor or have possession of the goods for the entire marketing life cycle, and, in particular, during the initial offering or offering on the primary market. Still further, Woolston '651 determines the condition of its goods either before or after the beginning of marketing his goods on the secondary market. As a result, the consignment node users can not monitor the condition of their goods from the time that the goods are issued, much less guarantee based on the user's observations the conditions of their goods to the prospective purchasers thereof.

Claim recitation 71 a): Neither col. 2 nor the rest of Woolston teaches "initially offering for sale the collectibles to potential purchasers". By contrast, Woolston only discloses the offering for sale of a collectible on a secondary market and not an initial offering for sale as recited in Claim 71 a). Col. 3, lines 42 - 66 of Woolston describes the use

of a computer to enter data about a collectible in its database in preparation for sale of that collectible on a secondary market. In this example, the collectible is a Babe Ruth trading card, which originates from the card collection of the assignment node user. Woolston is silent as to where the Babe Ruth card of interest originated or was initially sold. In another example as shown in Figure 13, Woolston uses an interface screen to offer a Rolex for sale on a secondary market. In a field 956 of that interface, the watch is described as "a gift to the previous original owner". Thus it would appear that there were at least 3 and maybe more previous owners. Woolston does not disclose how the original or subsequent owners purchased the watch, i.e., the "original offering" is not disclosed as recited in step 71 a). The result is that a subsequent, potential purchaser has less assurance as to the collectible's condition because Woolston does not originally offer the collectible or maintain its condition during the recited original offering. The pertinence of the above quoted argument with respect to the recitation 71a) that Rolex watches are auctioned for a predetermined time is not understood in that recitation 71a) does not recite auctioning, much less auctioning for a predetermined period. In particular, Appellant does not recite that auctioning as described in columns 5 and 6, much less than in Col. 6, lines 21 – 37. In particular recitation 71a) does not recite posting an opening bid, i.e., a single bid, permit a participant to respond with a higher bid, or, finally, to scan the participants to identify the highest bid. Recitation 71a) does not require the described posting, reposting or selection of the highest bidding participant.

Claim recitation 71 a): Further, the Examiner maintains that the "initially offering" for sale the collectibles is inherently disclosed by the offering of goods on the assignment node. As described above with respect to the preamble of Claim 71, the node only offers collectible for sale on a secondary market. In fact, Woolston does not disclose how the collectibles are initially offered for sale. Thus, it is clear that the Examiner has not constructed the requisite record that provides the technical grounds establishing that the inherent feature necessarily flows from the teachings of Woolston. *Levy*.

Claim recitation 71 c): In contrast to the Examiner's statement, Col. 6, line 27 – 37 of Woolston '651 fails to teach the allocation of plural collectibles, as opposed to marketing one

collectible at a time. The problem underlying the need to allocate arise where the offered lots of items or goods, e.g. securities, are offered on an IPO, and not in the context of selling one collectible at a time as described by Woolston. For example, if one offers a single good for sale, there is no problem in allocating goods. Woolston, at col. 4, line 61 to col. 5, line 8, describes the purchasing process where a buyer or participant browses one or more websites. After selecting a particular good, the potential buyer purchases the good, e.g., "the above posted Frank Robinson card" (see col. 5, line 4). Woolston also contemplates auctioning one good at a time as described at col. 5, line 58 - col. 6, line 45. In an example as shown in Figure 13, a single good, the Rolex watch is sold. It is apparent that Woolston '651 is selling only one good at a time, whereby the allocation of collectibles is not a problem, much less a teaching applicable to Applicants' offering of lots of collectibles.

Claim recitation 71 e): In contrast to the Examiner's assertion, Col. 17, line 60 to col. 18, line 5 of Woolston does not disclose "maintaining the condition of the collectibles during steps a), b) and c)" as recited in 71d). By contrast, Woolston teaches that an consignment node user which is obligated to an assignment agreement, must "hold a good for a predetermined time and/or ship the good to a long term storage facility to ease the bailee's burden of posting terminal users where a participant elects to hold legal ownership but keep the good available in the electronic market place for the long term", col. 17, line 60 - col. 18, line 5. Neither this quoted statement nor its context in Woolston '651 supports the Examiner's position. Applicants assert that the disclosed long term storage facility of Woolston does not in the least imply or teach that such a facility maintains a "protective environment", the allocated collectibles are of the predetermined condition. A careful reading of this quote indicates that Woolston is not concerned with protecting or maintaining the condition of the collectibles, but rather with finding room to store such goods, i.e., to "keep the good available in the electronic market place for the long term". See. col. 18, line 4 and 5. In summary, neither the shipping of "the good to a long term storage facility" nor any other part of Woolston fairly teaches that the condition of the collectible will be maintained through steps a), b) and c).

Nonfunctional Descriptive Material Rejection of Recitation 71(e): The Examiner has further rejected Claims 71 and 104 – 109, each of which depends variously from Claim 102, as being drawn to nonfunctional descriptive material. The Examiner briefly asserts with respect to recitation 71(e), “(N)oting that this limitation (71(e) has no functional relationship to steps (a) – (c) and as such treated as nonfunctional descriptive material”--. Claim 71 recites the steps of a) offering for sale the collectibles, b) receiving orders, c) allocating the collectibles among the potential purchasers, and e) maintaining the condition of the collectibles during steps a), b) and c). Similarly, claim 102 recites the steps of a) offering for sale the collectibles, b) allocating the collectibles to the potential purchasers, c) creating for each purchaser a record, and e) maintaining the predetermined condition of the collectibles during the steps a), b) and c). The Examiner has rejected both of Claim 71 and Claims 104 – 109 on the basis that each of Claims 71 and 102 has a recitation e) that was not functionally related to its steps a), b) and c). Further, the Examiner contends that the recitation e) was also not functionally related to the recitations of claims 104 – 109, which depend variously dependent from Claim 102. The Examiner concluded that Claim 71 should be treated as “non functional descriptive material.” The Examiner concluded that the “limitations of claims 104-109 --- do not serve as a limitation per In re Gulack”, Appellant will discuss both of the rejections of Claim 71 and Claims 104-109 at this point in the Brief, noting that the Examiner’s rejection of Claims 104-109 is set out below.

Contrary to the assertion of the Examiner, Appellant’s recitation 71e) of maintaining the condition of the collectibles is functionally related to each of the recitations 71a), b) and c). In particular, recitation 71e) recites that the maintaining step is carried out during steps a), b) and c) to clearly define the functional relation of the step e) of maintaining to the condition of the collectible to the physical acts of “initially offering”, “receiving orders” and “allocating the offered collectibles” recited respectively in steps 71a), b) and c). The physical relationship of the step 71e) to the steps 71a), b) and c) is clear. The step 71e) maintains the condition of the collectibles during each of the steps 71a), b) and c). The result of maintaining the condition of collectibles for the recited time is tangible and concrete, namely to permit the issuer of the collectibles to guarantee the condition of the collectibles and to enhance their sale ability.

Similarly, step 102e) of “maintaining the predetermined condition of the collectibles” is functionally related with each of the steps 102a) of offering the collectible for sale, 102b) of allocating the collectibles to selected potential purchasers and step 102c) of creating a record of each of the selected purchasers. For the reasons advanced above, maintaining the condition of the collectibles during steps 102a), b) and c) creates a functional relation to the maintaining step 102e) and produces a tangible and concrete relationship. However, it is apparent that the Examiner has not rejected the independent claim 102, but rather has rejected claims 104 – 109, stating that “any one or more desirable methods as recited (claims 104 – 109) have no functionally interrelated with the acts of (a) offering..(b) allocating”(c) creating ...and (d) implementing.. of claim 102.”

The following analysis also responds to further comments of the Examiner concerning the nonfunctional descriptive material rejection, which are reproduced below with respect to claims 104 – 107. The MPEP Section 2106, IV.B.b indicates that, “Nonfunctional descriptive material may be claimed in combination with other functional descriptive multi-media material on a computer-readable medium to provide the necessary functional and structural interrelationship to satisfy the requirement of 35 U.S.C. Section 101.” Thus even if Appellant would concede only for the purposes argument that there was no functional relationship between the step 102e) and the subject matter of claims 104 – 109 and that the subject of these claims was nonfunctional descriptive material, the combination of such nonfunctional descriptive material of claims 104 – 109 with the functional descriptive material recited in steps 102a), b), c) and e) satisfies the requirements of 35 U.S.C. Section 101.

Further, Appellant respectfully asserts that the functionality of the claim recitations 102a), b) and c) as implemented on a “programmed computer” that is recited by recitation 102d) satisfies the requirement of being a functional descriptive material. In particular, the MPEP Section 2106 IV.B.1 states that, “(A) claimed computer-readable medium encoded with a computer program is a computer element which defines structural and functional interrelationships between the computer program and rest of the computer which permit the computer program’s functionality to be realized, and” is a functional descriptive material and, thus, is statutory. Thus, each of the claim recitations 102a), b) and c) as implemented by a

“programmed” computer as recited in 102d) and, thus, is a functional descriptive material. Thus even if recitation 102e) was deemed only for the sake of argument to be non-functional descriptive material as asserted by the Examiner, the combination of functional descriptive material as recited in each of 102a), b) and c), and the non-functional descriptive material in recitation 102e) would be deemed to be statutory. Further as discussed above, claims 71 is similar to claim 102 in that it recites the steps 71a) of offering collectibles for sale, b) receiving orders, and c) allocating collectives. Each of the steps 71a), b) and c) is implemented by “a programmed computer” and, thus as described above with respect to claim 102, is deemed to be a functional descriptive material for the reasons detailed above. Therefore, claim 71 is deemed to be statutory, whether or not recitation 71e) is deemed to be nonfunctional descriptive material..

In each of the rejections of claim 71 and claims 104 – 109 the examiner has asserted that recitation 71e) of maintaining the condition of the collectible was not functionally related to steps 71a), b) or c), and the methods of claims 104-109 did not functionally relate to the steps 102a), b) and c) of claim 102. In his rejection of claim 71 as detailed above, the Examiner states that “noting that limitation (referring to step 71e) has no functional relationship to steps (a) – (c) (of claim 71) and as such would be treated as ‘non functional descriptive material’.” These terms, “functional descriptive material” and “nonfunctional descriptive material are defined in Section 2106 of the MPEP, but are not mentioned in any of the decisions cited by the Examiner with respect to his rejection of claims 104-109. Section IV.B.1 of the MPEP states that, “Descriptive material can be characterized as either ‘functional descriptive material’ or ‘nonfunctional descriptive material.’ In this context, ‘functional descriptive material’ consists of data structures and computer programs which impart functionality when employed as a computer component. (The definition of ‘data structure’ is ‘a physical or logical relationship among data elements, designed to support specific data manipulation functions’.” Examples of functional descriptive materials include a data structure or computer program that is stored on the memory of a computer or a computer readable medium, e.g., a CD. See Section IV.B.1 of the MPEP. Examples of nonfunctional descriptive materials include music, literature, art, photographs and mere arrangements of data, which “are merely stored so as to be read or outputted by a computer without creating any new function interrelationship either as part of the stored data or as part of

the computing processes performed by the computer, then such descriptive material alone does not impart functionality either to the data as so structured, or to the computer.” See Section VI.B.1.(b) of the MPEP.

The Appellant respectfully asserts that the Examiner has failed to create a record that would satisfy the substantial evidence standard for explaining the rational for the rejections of claims 71 and 104-109 and the authorities for that rational. For example, the Examiner has failed to identify the descriptive material in each of Claim 71 and Claims 104 – 109, much less whether that descriptive material is stored in a computer or computer readable medium. Appellant respectfully asserts that the subject matter of the recitation 71e) for maintaining the condition of the collectibles claim 71, and/or the methods of claims 104 – 109 do not involve either descriptive material, a computer or a computer readable medium. For example, the step of maintaining the condition does not contain a descriptive material, a computer readable memory or a computer readable medium and therefore fails to satisfy the definitions of nonfunctional descriptive material or functional descriptive material..

Further, the Examiner has failed to state the statutory authority upon which he relies to rejects claims 71 and 104 – 109. The sections of the MPEP discussed above clearly state that if an invention is deemed to a nonfunctional descriptive material, that invention is deemed to be nonstatutory under 35 U.S.C. Section 101. Are Claims 71 and 104-109 being rejected on 35 U.S.C. Section 101?

In support of his holding that the claim 71 and claims 104 – 109 are nonfunctional descriptive material, the Examiner relies on the following decisions: *In re Schreiber*, 44 USPQ2d 1429 (CAFC 1997); *In re Gulack*, 217 USPQ 401 (CAFC 1983); *Ex parte Carver*, 227 USPQ 465 (BdPatApp&Int 1985); and *In re Lowry*, 32 USPQ2d 1031 (CAFC 1994). Such support is not well founded. First, *Schreiber* relates to the effect of intent to use recitations, which are not found in the claims 71 and 104 – 109 and/or the specification of the subject application. *Gulack* upheld the patentability of certain “printed matter as being patentable under 35 U.S.C. Section 103. This decision is not applicable to the subject invention. First, the subject invention does not relate to printed matter and, second, the Federal Circuit clearly limits this decision to printed matter. In particular, *Gulack* held that the Federal Circuit relied heavily on

the Supreme Court in *Graham v. Deere*. 148 USPQ 459 (1066), which held that the 1952 Patent Act requires that a claim be viewed as a whole in determining obviousness and that all limitation of claims must be considered in determining whether the claimed invention would be obvious. Further, the Federal Circuit explicitly held in *Lowry* that *Gulack* was not applicable to computer programs and/or data structures as involved in the subject application. In a similar fashion, the *Carver* decision of the Board of Patent Appeals' does not support the Examiner's rejection of Claims 71 and 104 – 109. In contrast to the Examiner's rejection, this decision is based on 35 U.S.C. Section 101, wherein the Examiner divided the parsed recitations of the rejected claims into novel and non-novel recitations to identify a sound recording as the sole novel recitation and concluded that the novel recording was nonstatutory. The Board concluded that the point of novelty approach adapted by the Examiner conflicted with *Diehr*. Thus, Appellant respectfully asserts that binding authority requires the Examiner to consider claim 71 as a whole and to consider each recitation of claim 71 including claim recitation 71e) and to fail to do so is clear error requiring the reversal of the rejection of claims 71 and 104 – 109.

Claim 72 Dependent from Claim 71

The entire record made by the Examiner (see page 11, lines 10 and 11 of the March 12, 2004 Office Action) to support his rejection under §102(e) of **Claim 72** as being anticipated by Woolston '651 is reproduced as follows:

Claim 72. refer to discussion of allocation of collectibles above.

Applicants assert that the record created above by the Examiner with respect to Claim 72 does not disclose the particular limitation of Claim 72, i.e., allocating collectibles when the number of ordered collectibles exceed the number of available collectibles. Further, the Examiner's characterization that the claimed invention is inherent and well know in the art is not well taken for the reasons set out above with respect to recitation 71 c).

Claim 34 Dependent from Claim 71

The entire record made by the Examiner (see page 11, lines 12 - 20 of the March 12,

2004 Office Action) to support his rejection under §102(e) of **Claim 34** as being anticipated by Woolston '651 is reproduced as follows:

Claim 34. wherein step b) offers an initial offering of collectibles, and there is further included the step of offering for sale selected of the allocated collectibles on a secondary market at the direction of the purchasers of the allocated collectibles (col, 6L 41-44, noting that the successful purchaser may offer the purchased goods to other

purchasers, this is secondary market, it is also asserted that as explained above this offering is also extended to more than one collectibles (Rolex watches)).

Woolston does not teach the recited offering of collectibles on a primary market for the reasons set out above with respect to Claim 71 a). Col. 6, lines 41 - 44, do not disclose, as asserted by the Examiner, the offering of plural goods to plural purchasers. The noted section only refers to a single "good".

Claim 36 Dependent from Claim 71, **Claim 37** Dependent from Claim 36, and **Claim 38** Dependent from Claim 37

The entire record made by the Examiner (see page 11, line 23 – page 12, line 3 of the March 12, 2004 Office Action) to support his rejection under §102(e) of **Claims 36 - 38** as being anticipated by Woolston '651 is reproduced as follows:

Claims 36-38. wherein said offering of step b) is carried out for a first selected, predetermined period of time, said secondary market is carried out for a second selected period of time, said second period of time is greater than said first period of time (the first and second predetermined period (sic) of time may be set by the operators of the consignment node (administrators) per their choice, see col. 6 "predetermined amount of time")).

Claims 36 - 38 recite marketing both initially and on a second market. As discussed in detail above at Claim recitation 71 a), Woolston teaches only the marketing on one market, e.g., the secondary market, and does not disclose marketing primarily and on a second market. Therefore, Woolston is not relevant to the determining of the lengths of two (2) periods or determining their relative lengths. Col. 6 does not disclose, as asserted by the Examiner, that the collectibles are offered for a predetermined period of time on the primary and secondary markets.

Claim 44 Dependent from Claim 72 and Claim 45 Dependent from Claim 44

The entire record made by the Examiner (see page 12, lines 8 and 9 of the March 12, 2004 Office Action) to support his rejection under §102(e) of **Claims 44 and 45** as being anticipated by Woolston '651 is reproduced as follows:

Claims 44 and 45. wherein there is further included the step of providing lots of the collectibles for offering for sale (lots of collectibles are not patentably distinguishable from collectibles, therefore, analysis of claim 71 is applicable to these claims).

As detailed above with respect to Claim 72, the Examiner has not constructed a record demonstrating the allocating of lots of the collectibles. See analysis of claim recitation 71(a) that Woolston '651 discloses auction or allocating one collectible at a time.

Claim 46 Dependent on Claim 72

The entire record made by the Examiner (see page 12, line 10 of the March 12, 2003 Office Action) to support his rejection under §102(e) of **Claim 46** as being anticipated by Woolston '651 is reproduced as follows:

Claim 46. not considered. (see claim objection).

Without considering claim 46, the Examiner can not create a record that teaches the recitation of "enabling the purchaser of collectibles in said initial offering ---."

Claims 47 and 48 each Dependent from Claim 72

The entire record made by the Examiner (see page 12, lines 11-18 of the March 12, 2004 Office Action) to support his rejection under §102(e) of **Claims 47 and 48** as being anticipated by Woolston '651 is reproduced as follows:

Claims 47 and 48. wherein there is further included the steps of providing a purchaser history database for keeping a record of each purchaser that has placed an order in the course of said initial offering of the collectibles for sale, and updating data indicative of each collectible held in escrow in that record of the purchaser holding the escrowed collectible (col. 5 L 18 – 45, col.6 L 45 – 51, refer to features of the data records).

A review of col. 5, lines 18 - 45, and col. 6, lines 45 - 51 of Woolston does not disclose any purchaser history database for storing a record of each purchaser that has placed an order in the course of the initial offering of the collectibles for sale.

Independent Claim 73

The entire record made by the Examiner (see page 12, lines 19 - page 13, line 29 of the March 12, 2004 Office Action) to support his rejection under §102(e) of **Claim 73** based upon Woolston '651 is reproduced as follows:

Claim 73. Woolston teaches a server (Figure 1, computer 10) designed to support an initial offering by an issuer of collectibles of a limited number of the collectibles via a plurality of remote terminals, each remote terminal operable by a potential purchaser (participant terminals 28) to transmit over a network to said server at least one order for the purchase of collectibles being offered for sale (electronic markets for collectibles, col. 2 L 32-36), said server having a memory and being programmed to:

a) store in said memory an indication of the predetermined condition of each of, the price of each of and the limited number of the collectibles (data record for the good for sale (col. 9L 65- col. 10 L 2) include information on a good or collectible which inherently include condition of a collectible, since condition of a collectible is essential to a potential purchaser), refer to col. 3 L 57- col. 4 L 10, "condition of the card" it is anticipated that Woolston's data record comprises a plurality of collectibles as discussed in claim 71 analysis);

b) transmit to the plurality of remote terminals at least one offer for sale of the limited number of collectibles, the one offer having an indication of the predetermined condition of the one collectible, whereby at least first and second potential purchasers are enabled to actuate its remote terminal to transmit at least first and second orders for the one collectible to said server (data record for the good, inherently include "condition" of the collectible (see col. 3 L 81- col. 4 L 21) potential purchasers are participants 28, col. 13 L 45-57 refer also to analysis of claim 71 step a)); and

Woolston teaches step c) to the extent that it creates a record in said memory for the successful purchaser (col. 19, database server 806 .. structured to for-sale database 814 and sold database 816), Woolston, however, fails to teach a process to allocate at least one of the limited number of collectibles among selected of the first and second potential purchasers as a part of this process step (col. 6 L 27 - 41) refer to allocation of collectibles (Rolex watches) to highest bidders

With respect to **Claim 73**, the Examiner's record of what Woolston '651 disclosed as reproduced above fails to disclose the following recitations: 1) "A server designed to support an initial offering by an issuer of collectibles of a limited number of the collectibles via a plurality of remote terminals, each remote terminal operable by a potential purchaser to transmit over a network to said server at least one order for the purchase of collectible being offered for sale"; 2) "b) transmit to the plurality of remote terminals at least one offer for sale of the limited number of collectibles, the one offer having an indication of the predetermined condition of the one collectible, whereby at least first and second potential purchasers are enabled to actuate its remote terminal to transmit at least first and second orders for the one collectible to said server"; and 3) "c) process the transmitted first and second orders to allocate at least one of the limited number of collectibles among selected of the first and second potential purchasers and create for the successful purchaser of the one collectible a record in said memory for the collectibles allocated to the successful purchaser."

Preamble of Claim 73: Nothing in col. 2 or the rest of Woolston '651 discloses the use of a server to support an initial offering by an issuer of collectibles. See Appellants' argument with respect to the preamble of Claim 71 and the Claim recitation 71a) for a complete discussion of the applicability of Woolston '651 to the preamble of Claim 73 and, in particular, for a showing that Woolston's "consignment node user" does not perform or teach the functions of Appellants' issuer as recited in Claim 73.

Claim recitation 73 a): As noted in the Examiner's record above, col. 9, line 65 - col. 10, line 2 discloses merely that "a database for the good" is created. In particular, Woolston '531 does not disclose a database that stores the price and/or the limited number of the collectibles being initially offered for sale.

Claim recitation 73 b): Appellants traverse the Examiner's statement that col. 13, lines 45 - 57 of Woolston discloses the transmitting of at least one offer for the sale of a plurality or lots of collectibles to potential purchasers. Rather, Woolston '651 offers for sale only a single collectible at a time. See Applicants' analysis of Claim recitation 71 a) for a

full discussion of Woolston's failure to teach the offering for sale of lots or pluralities of collectibles.

Claim recitation 73 c): Applicants assert that Woolston's disclosure of offering collectibles on a secondary market may not be combined with the practice of allocating collectibles that the Examiner alleges to be well known, because there is no adequate record showing motivation for such combination. In particular, see Appellants' detailed argument regarding Claim recitation 71c) to support these conclusions. The Examiner's record regarding the recitation of the database is based upon col. 19 of Woolston '651, which merely identifies the for-sale database 814 and the sold database 816. Though describing the presence of databases 814 and 816, Woolston '651 does not describe that either of these databases stores the number of collectibles that have been allocated to the successful purchasers. Applicants' review of col. 19 indicates that it does not disclose that a record is created for the successful purchaser of the purchased collectibles as recited in Claim 73 c). At best, Woolston '651 creates a record for a particular collectible, but not the successful purchaser.

Claims 74-76 each Dependent from Claim 73

The entire record made by the Examiner (see page 13, lines 30-32 of the March 12, 2004 Office Action) to support his rejection under §102(e) of **Claims 74 and 75** as being anticipated by Woolston '651 is reproduced as follows:

Claims 74-76. (New) wherein the collectibles comprise trading cards; ..in mint condition; uncalculated trading cards (Woolston collectibles, col. 2 L 30-35 "Collectible goods").

The Examiner's record relies solely on col. 2, lines 30 - 36 of Woolston for characterizing the condition of the collectibles. Applicants' review of this passage finds no such characterization of the collectibles and asserts that the Examiner has failed to construct the requisite record.

Claim 59 Dependent from Claim 73 and Claim 60 Dependent from Claim 59

The entire record made by the Examiner (see page 13, lines 33 - 37 of the March 12,

2004 Office Action) to support his rejection under §102(e) of **Claims 59 and 60** as being anticipated by Woolston '651 is reproduced as follows:

Claims 59 and 60. wherein said server is programmed to respond to each order received from one of the purchasers to update said record of the one purchaser (inherent to sold database 816, shipped database 820 col. 19 L 36-46), refer to analysis provided in paper 9 for these claims).

The above record relies on col. 19, which fails to disclose the response to a purchaser's order to update the purchaser's record as described more fully above with respect to the Claim recitation 73 c).

Claim 61 Dependent from Claim 60

The entire record made by the Examiner (see page 14, line 1 of the March 12, 2004 Office Action) to support his rejection under §102(e) of **Claim 61** as being disclosed by Woolston '651 is reproduced as follows:

Claim 61. refer to analysis of Claims 46 and 47.

The Examiner's record fails to disclose updating the purchasers' record as elaborated in Applicants' analysis of Claims 46 and 47, and Claim recitation 71 a). Still further, the Examiner has not created a record teaching the participant's placing collectibles purchased on the primary market into escrow and making a record of the collectibles stored therein.

Independent Claim 77

The entire record made by the Examiner (see page 14, lines 2 - 30 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 77** based upon Woolston '651 is reproduced as follows:

Claim 77. Woolston teaches a method for sale of collectibles of a predetermined condition on a primary market and on a secondary market, said method comprising the steps of.

a) offering for sale to one or more prospective purchasers an initial placement of one or more selected collectibles on the primary market in col. 5 and 6 in auction mode a pawn shop operator offers to potential purchasers several Rolex watches in an auction for a predetermined time set by the operator, this offering constitute a primary market where the pawn shop operator offers the collectible watches in an initial placement;

b) receiving orders from prospective purchasers on selected of the collectibles and allocating the one or more selected collectibles to one more purchasers (col. 5 and 6, receiving bids from the ordering purchasers, and col. 6 L 27-37 consignment node mode electronically scans..the participants for bids and accepts highest bid.. the consignment node repeats this process until no higher bid is received, this recitation clearly teaches that the offered collectibles are allocated to highest bidders in order the bids are received)

c) offering for sale at the direction of the one successful purchaser selected of the allocated collectibles on a secondary market (col. 6 L 25-41 "post a new participant defined offer", it is anticipated that Woolston allows the participants which are allocated the Rolex watches may elect to post them in a secondary market for sale to other participants or shops);

d) maintaining the predetermined condition of the collectibles during steps a), b) and c), whereby the allocated collectibles are of the predetermined condition (col. 17 L 66 - col. 18 L 5, "long term storage facility"); and

e) facilitating at least steps a), b) and c) by a programmed computer (Figures 1, 2 and 3 which depict implementation of the method).

With respect to **Claim 77**, the record as reproduced above fails to demonstrate that Woolston disclosed the following recitations: 1) "A method of offering for sale collectibles of a predetermined condition on a primary market and a secondary market, said method comprising the steps of; (from the preamble of Claim 77); 2) "a) offering for sale to one or more prospective purchasers an initial placement of one or more collectibles on the primary market; and 3) "d) maintaining the predetermined condition of the collectibles during steps a), b) and c), whereby the allocated collectibles are of the predetermined condition".

Claim recitation 77 a): In contrast to the Examiner's statement, Woolston and, in particular, its columns 5 and 6 fail to teach the initial offering of collectibles on a primary market. As explained above in Applicants' analysis of the Preamble of Claim 71, Figure 13 as described at col.15, line 43 to col. 16, line 26, clearly indicates that the Rolex had been previously owned and, in no way, could be considered to being initially offered for sale as asserted by the Examiner.

Claim recitation 77 c): The Examiner relies on col. 6, lines 24 - 41, which discloses marketing collectibles on a secondary market. However, as Applicants noted above with respect to Claim recitation 77 a), there is no teaching in Woolston of initially offering collectibles on a primary market or that the successful purchaser on the primary market directs the offering of the collectible on the secondary market.

Claim recitation 77d): Woolston and, in particular, col. 17, line 60 - col. 18, line 5 thereof, fails to teach maintaining the condition of the collectibles during the steps of offering the collectible for sale, receiving orders for the collectibles, and offering for sale collectibles on the secondary market, as explained in detail above with respect to the Claim recitation 71e).

Claim 78 Dependent from Claim 77

The entire record made by the Examiner (page 15, lines 1 - 3 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 78** as being anticipated by Woolston '651 is reproduced as follows:

Claim 78. limiting the number of collectibles of one kind to be offered for sale on the primary market (refer to “several Rolex watches” in the example of the Auction at col. 5 and 6).

Woolston and, in particular columns 5 and 6 thereof, fail to disclose making an initial offering of collectibles as discussed above with respect to the Claim recitations 71 a) and 77 a). Woolston '651 also fails to disclose the limiting of the number of collectibles on the primary market. Further, Applicants asserts that limiting the number of offered collectibles is not inherent in the operation of Woolston '651, because Woolston '651 teaches the marketing of collectibles one at a time as discussed with respect to Claim recitations 71 a) and 73 b) and, thus in effect, teaches away from reducing the number of collectibles on the secondary market. On its face, reducing the number of collectibles from one to zero does not make sense.

Claim 80 Dependent from Claim 77

The entire record made by the Examiner (page 15, lines 7 - 10 of the March 12, 2004

Office Action) to support his §102(e) rejection of **Claim 80** as being anticipated by Woolston is reproduced as follows:

Claim 80. said offering for sale on the primary market is carried out for a selected, predetermined period of time (col. 6 L 34+ "predetermined amount of time").

Woolston discloses only marketing on the secondary market for the reasons explained above in the Claim recitations 71 a) and 77 a) and, in particular, col.. 6, line 34+ thereof does not disclose that marketing is carried out for a selected, predetermined time period. The Examiner asserts that it is inherent in the operation of Woolston to set the offering for a predetermined period, because this "offering is carried out at least until the collectible is sold." This reasoning is flawed because continuing the offering until the collectible is sold would results in a varying time window, and not the recited "predetermined period of time".

Claim 81 Dependent from Claim 77

The entire record made by the Examiner (page 15, lines 10 - 14 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 81** as being anticipated by Woolston '651 is reproduced as follows:

Claim 81. predetermining said number of collectibles to be offered for sale on the primary market before said step a) of offering for sale on said primary market begins (col. 5 and 6, the pawn shop operator ..may have several Rolex watches he wishes to auction).

Woolston '651 and, in particular, columns 5 and 6 thereof, fails to teach the offering of collectibles on the primary market for reasons set out with respect to Claim recitations 71 a) or 77 a), and the "predetermining said number of collectibles to be offered", as recited. That predetermining the number of collectibles isn't inherent from Woolston '651 is a mere conclusionary statement of the Examiner and is not supported by the requisite logical explanation. *Levy*

Claim 86 Dependent from Claim 77 and Claim 87 Dependent from Claim 86

The entire record made by the Examiner (page 15, lines 15 - 20 of the March 12,

2004 Office Action) to support his §103(a) rejection of **Claims 86 and 87** as being disclosed by Woolston is reproduced as follows:

Claims 86 and 87. wherein there is further included the step of providing lots of the collectibles for offering for sale on the primary market (lots of collectibles is not patentably distinguishable and is inherently covered by Woolston as an example the Rolex watches may auctioned as lots of one or more quantity).

The Examiner has failed to establish a record that identifies that part of Woolston which discloses the offering of lots of collectibles for sale, much less any logical basis for holding that Woolston inherently discloses such an offering. Applicants assert that Woolston only discloses the offering for sale of collectibles one at a time as explained by Applicants analysis above of Claim recitation 71 c).

Claim 88 Dependent from Claim 77

The entire record made by the Examiner (page 15, lines 21 - 27 of the March 12, 2004 Office Action) to support his §103(a) rejection of **Claim 88** as being disclosed by Woolston is reproduced as follows:

Claim 88. there is further provided the step of enabling the one successful purchaser of collectibles on the primary market to elect to have an offering for sale or to facilitate an administrator to hold its purchased collectibles in escrow (col. 5 L 18-25 and col. 12 L 59-66, " it is understood that the purchasing participant may elect to leave the good at the consignment node or post a new offer..").

Woolston does not disclose the offering of set or lots of collectibles but, rather, teaches that the collectibles are marketed one at a time as explained above with respect Claim recitation 77 d). Further, the Examiner's record fails to provide that technical, logical explanation of how such recitation naturally flows from Woolston. *Levy*.

Claim 89 Dependent from Claim 88

The entire record made by the Examiner (page 15 lines 28-31 of the March 12, 2004 Office Action) to support his §103(a) rejection of **Claim 89** as being disclosed by Woolston is reproduced as follows:

Claim 89. wherein the administrator holds the purchased collectibles of the

successful purchasers in a benign environment (col. 17 L 66 - col. 18 L 5, "ship the good to a long term storage facility".

Applicants assert that a disclosure of shipping "the good to a long term storage facility" is not a teaching of holding collectibles "in a benign environment" for the reasons elaborated above with respect to Claim recitation 71 d).

Claim 92 Dependent from Claim 77

The entire record made by the Examiner (page 16, lines 5 - 13 of the March 12, 2004 Office Action) to support his §103(a) rejection of **Claim 92** as being disclosed by Woolston '651 is reproduced as follows:

Claim 92. there is further included the steps of providing a purchaser history database for keeping a record of each purchaser that has placed an order in the course of said offering for sale on said primary market, and updating data indicative of each collectible and held in escrow in that record of the purchaser holding the escrowed collectible (refer to col. 14 L 57-63, "sold database" and "account database" in view of "bailee relationship" discussed at col. 17 L 55- end).

Woolston discloses a database for storing a record of data related to the collectible rather than a purchaser history database as recited in Claim 92 for storing a record of purchaser data as explained in detail with respect to Claims 47 and 48. Though col. 14, Lines 57 – 63 mentions an “account database” and a “sold database”, Woolston ‘531 does not disclose the recited database for storing records that reflect the purchasers’ offers for sale on the primary market. Further, the Examiner has failed to explain the significance of the “bailee relationship” discussed at col. 17, line 55 +.

Claim 93 Dependent from Claim 77

The entire record made by the Examiner (page 16, lines 14 - 16 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 93** as being anticipated by Woolston is reproduced as follows:

Claim 93. purchaser's orders received in step b) includes a number of the collectibles wanted by the purchaser (inherent to purchase order of goods).

As explained above with respect to Claim recitations 71 a) and 77 a), Woolston does not disclose the making of an initial offering of collectibles on a primary market but rather, discloses that collectibles are sold one at a time, thus negating a disclosure that the successful purchaser places an order for a number of collectibles as recited in Claim 93.

Claim 94 Dependent from Claim 77

The entire record made by the Examiner (page 16, lines 19 - 20 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 94** as being anticipated by Woolston '651 is reproduced as follows:

Claim 94. there is further included the step of predefining the number of collectibles before carrying out said step of offering for sale on the primary market (col. 9 L 66- col. 10 L 2 posting 200..to create a data record for new good (collectible)..).

Col. 9, line 66 - col. 10, line 2 of Woolston fails to disclose the recited keeping of a record of the number of available collectibles, which data is useful in carrying out the selling of collectibles on an initial offering. By contrast, Woolston teaches the sale of one collectible at a time and does not relate to selling on a primary market as explained above with respect to Claim recitations 71 a) and 77 a).

Claim 95 Dependent from Claim 94

The entire record made by the Examiner (page 16, lines 21 - 27 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 95** as being anticipated by Woolston '651 is reproduced as follows:

Claim 95. there is further included the step of providing a purchaser history database for keeping a record for each purchaser that has placed an order in the course of said offering for sale on the primary market, and updating for each order data indicative of said number of collectibles in that record of the purchaser placing that order (col. 14 L 57-63, database of goods for sale).

Woolston discloses a database for storing a record of data related to the collectibles or goods rather than a purchaser history database as recited in Claim 95 for storing a record of purchaser data as explained in detail with respect to Claims 47 and 48.

Independent Claim 96

The entire record made by the Examiner (page 16, line 28 - page 17, line 30 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 96** based upon Woolston '651 is reproduced as follows:

Claim 96. Woolston teaches a method of facilitating an issuer of collectibles to manage an initial offering for the sale of a limited number of the collectibles of a predetermined condition, said method implemented by a computer programmed to effect the steps of:

- a) storing in a memory the determined condition of and the limited number of the collectibles (col. 5 and 6, limited number of Rolex watches are auctioned by a pawnshop operator of a consignment node, the watch records include condition because the condition of the Rolex watches (subjective information such as condition) is stored in consignment node database, see col. 3 L 61+);
- b) communicating to potential purchasers a message offering to sell the collectibles and specifying the determined condition and the limited number of collectibles offered for sale (since the pawnshop operator of a consignment node auctions several Rolex watches, he advertises this information including items being auctioned to prospective per col. 6 L 3 – 6)
- c) receiving orders from the ordering potential purchasers (col. 6 L 21+ refer to bids received from the participants);
- d) allocating the offered collectibles among selected of the ordering potential customers (col. 6 L 27-37 consignment node mode electronically scans..the participants for bids and accepts highest bid.. the consignment node repeats this process until no higher bid is received, this recitation clearly teaches that the offered collectibles are allocated to highest bidders in order the bids are received)

With respect to **Claim 96**, Woolston fails to disclose the following recitations: 1) "A method of facilitating an issuer of collectibles to manage an initial offering for sale of a limited number of the collectibles of a predetermined condition" (from the preamble of Claim 96); 2) "a) storing in a memory the determined condition of and the limited number of the collectibles;" and 3) "b) communicating to potential purchasers a message offering to sell the collectibles and specifying the determined condition and the limited number of collectibles offered for sale."

Preamble of Claim 96: Woolston does not disclose a method of facilitating an issuer of collectibles to manage an initial offering of collectibles. In particular, the assignment node user is not an issuer of the collectibles. As disclosed at col. 3, line 42 - col. 4, line 2, the issuer manages the input of data related to a previously sold card, in contrast to providing new or not previously sold collectibles. Also see Applicants' argument with respect to the preamble of Claim 71 and its recitation 71a) for a complete discussion of why Woolston does not teach Appellants' "issuer" and, in particular, that Woolston's "consignment node user" does not perform or teach the functions of Appellants' issuer as recited in Claim 96.

Claim recitation 96 a): Neither the portions of Woolston noted by the Examiner, i.e., columns 5 and 6, or col. 3, line 61+, nor the remainder of Woolston '561 disclose storing the limited number of the collectibles in a memory as recited in Claim recitation 96 a). Woolston does not disclose the offering of collectibles on a primary market. Setting the number of collectibles facilitates the offering of collectibles on the initial offering in direct contrast to the teachings of Woolston as explained above with respect to Claim 94.

Claim recitation 96 b): Neither col. 6, lines 3 - 6 as pointed out by the Examiner nor the remainder of Woolston disclose the communicating of a limited number collectibles as claimed in Claim recitation 96 b). As explained above with respect to Claim recitation 96 a), the storing and communicating of a limited number of collectibles facilitates the offering of the collectibles on the initial offering, to which Woolston does not relate.

Claim 97 Dependent from Claim 96 and Claim 98 Dependent from Claim 97

The entire record made by the Examiner (page 17, lines 24 -28 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claims 97 and 98** as being anticipated by Woolston '651 is reproduced as follows:

Claims 97 and 98. wherein there is further included the step of creating a record in the memory for each successful purchaser to which collectibles were allocated..., storing the determined condition of the collectibles (sold database col. 14 L 57-63).

Woolston discloses a database for storing a record of data related to the collectibles rather than a purchaser history database as recited in Claims 97 and 98 for storing a record of purchaser data as explained in detail with respect to Claims 47 and 48.

Claims 99-101 Dependent on Claim 96

The entire record made by the Examiner (page 17, lines 24 - 28 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claims 99-101** as being anticipated by Woolston '651 is reproduced as follows:

Claims 99 - 101. collectibles comprise trading cards (collectibles).

Claim 101 recites that the collectibles are trading cards in uncirculated condition.

Woolston fails to teach the offering of collectibles in an initial offering , much less the placement of uncirculated trading cards for sale on a primary market.

Independent Claim 102

The entire record made by the Examiner (see page 17, line 31 to page 18, line 25 of the March 12, 2004 Office Action) to support his rejection under §102(e) of **Claim 102** based upon Woolston '651 is reproduced as follows:

Claim 102. Woolston teaches a method of facilitating an issuer of collectibles to manage ..the sale of collectibles of a predetermined condition (“computerized market”, abstract, said method comprising steps of:

a) offering for sale the collectibles (per Woolston, offering of collectibles is communicated by a consignment node to potential purchasers col. 2 electronic markets for collectible goods, as disclosed in col. 5 and 6 in auction mode a pawn shop operator offers to potential purchasers several Rolex watches in an auction for a predetermined time set by the operator);

b) allocating selected of the offered collectibles to selected of the potential customers (selected Rolex watches are allocated via the auction conducted by the pawn shop col. 6 L 27 – 37 consignment node mode electronically scans..the participants for bids and accepts highest bid.. the consignment node repeats this process until no higher bid is received, this recitation clearly teaches that the selected collectibles are allocated to customers (selected as) highest bidders in order the bids are received);

c) creating for each of the selected purchasers a record (refer to section “the Sale” at co. 4+);

d) implementing each of stems a) – c) by a programmed computer (see Figures 1 – 3 which depict implementation of the method); and

e) maintaining condition of the collectibles .. (col. 17 L 60 – col. 18 L 5, ..hold the good for a predetermined time and/or ship the good to a long term storage faculty). (noting that this limitation has no functional relationship to steps (a) – (c) and as such treated as “non functional limitation”, see also 112 (second) rejection of the claim).

With respect to **Claim 102**, the record of what Woolston disclosed as reproduced above fails to disclose the following the following recitations: 1) "The method of facilitating an issuer of collectibles to manage the initial offering for sale of collectibles of a predetermined condition" (as recited in the preamble); 2) "b) allocating selected of the offered collectible to selected of a plurality of potential purchasers;" 3) "c) creating for each of the selected purchasers a record;" and 4) "d) maintaining the predetermined condition of the collectibles throughout steps a) to d)."

Preamble of Claim 102 and Claim Recitation 102a): Woolston does not disclose a method of facilitating an issuer of collectibles to manage an initial offering of collectible of a predetermined condition for the reasons detailed in the preambles of both of Claims 71 and 102. See Applicants’ detailed comment with respect to the preamble of Claim 71 for an analysis as to why Woolston fails to disclose this recitation.

Claim recitation 102 c): Col. 4 of Woolston fails to disclose the step c) for creating a record for the purchaser to which the collectibles were allocated in step b) based on the analysis set out above with respect to claims 95, 45 and 48.

Claim recitations 102 d) and e): Similarly, Woolston does not disclose maintaining the predetermined condition of the collectibles throughout the steps of offering, allocating, creating a record and implementing these steps by a programmed computer as described above in detail with respect to the Claim recitation 71d). Appellant respectfully asserts that shipping goods to a long term storage facility does not in the least teach maintaining the condition of the collectibles for the reasons discussed above with respect to claim recitation 71d). Further, Appellant respectfully asserts that it is improper to not give patentable weight

to recitation 102e) for the reasons detailed above with respect to the nonfunctional descriptive material rejection of recitation 71e).

Claim 103 Dependent on Claim 102

The entire record made by the Examiner (page 18, lines 26 - 28 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 103** as being anticipated by Woolston '651 is reproduced as follows:

Claim 103. Storing the predetermined condition of the collectibles.. (Fig. 13, section 956 "condition", col. 3 L 61 – 66, condition of the card);

The recited "corresponding record" refers to a selected purchaser record as claimed in Claim 103. As explained above with respect to Claim recitation 73 a), Woolston creates a record for each collectible or good, but not for the selected purchaser record as recited in Claim 103. Neither Figure 12 and related part of Woolstons' specification nor Col. 3, lines 61 – 66 thereof disclose the storing the of the collectibles' condition in the record of the purchaser (as opposed a record for the collectibles).

Independent Claim 110

The entire record made by the Examiner (see page 19, lines 1 - 22 of the March 12, 2004 Office Action) to support his rejection under §102(e) of **Claim 110** based upon Woolston '651 is reproduced as follows:

Claim 110. Woolston teaches a server for facilitating an issuer of collectibles to manage an initial offering of the collectibles of a determined condition for sale, said server having a memory and being programmed to :

REFER TO Fig. 1, computer 10, network participant terminal 28)

a) store the determined condition of the collectibles that are offered for sale (Fig. 13. section 956 "condition", col. 3 L 61-66, condition of the card);

b) transmit over a network from the server to selected of a plurality of potential purchaser stations an initial offering for a predetermined time of a limited number of the collectibles for sale and bearing an indication of the condition of the collectibles (col. 5 L 65+ identifies the Rolex watches as a collectible, to prospective participants for a predetermined amount of time, col. 6, see auction process);

d) allocating in response to orders selected of the collectibles ordering potential customers (col. 6 L 27 – 37 consignment node mode electronically scans..the participants for bids and accepts highest bid.. the consignment node repeats this process until no higher bid is received, this recitation clearly teaches that the offered collectibles are allocated to highest bidders in order the bids are received)

With respect to **Claim 110**, the record of what Woolston disclosed as reproduced above fails to disclose the following recitations: 1) "A server for facilitating an issuer of the collectibles to manage an initial offering of the collectibles of a determined condition for sale (as recited in the preamble);" 2) "b) transmit over a network from the server to selected of a plurality of potential purchaser stations an initial offering for a predetermined time of a limited number of the collectibles for sale and bearing an indication of the condition of the collectibles;" 3) "allocating in response to orders transmitted to the server from the responding purchasers selected of the collectibles among selected of the responding purchasers;" and 4) "d) creating a record in the memory for each of the selected purchasers."

Preamble of Claim 110: Woolston discloses neither a method of facilitating an issuer of collectibles of a predetermined condition as recited in the preamble of 110 for the reasons set out in detail above with respect to the preamble of Claim 71, nor communicating an initial offering that comprises a number of collectibles. In particular, refer to Applicants' argument with respect to the preamble of Claim 71 and its recitation 71a) for a complete discussion of why Woolston does not teach Appellants' "issuer" and, in particular, that Woolston's "consignment node user" does not perform or teach the functions of Appellants' issuer as recited in Claim 110.

Claim recitation 110 b): Woolston neither discloses communicating an initial offering, which comprises a number of collectibles as explained in detail in recitation Claim recitation 71 a), nor that a limited number of collectibles are offered for sale. Rather as set out in col. 3, line 42 - col. 4, line 2, Woolston discloses that only one collectible is offered for sale at a time. Further, there is no need for Woolston to allocate the collectibles to selected of purchasers because, as explained above, only one collectible is offered for sale at a time. Neither col. 5, lines 65+ nor the rest of Woolston teach the transmission over a network of an

initial offering to a plurality of potential purchasers for a predetermined time. The predetermine time referred to in col. 6 refers to the time period for receiving a higher bid before the auction is closed, not the length of time that an initial offering is carried out.

Claim recitation 110 c): Woolston does not disclose the step of allocating the collectibles to a plurality of potential purchasers for the reasons that are explained above with respect to Claim recitation 71 c). It is clear that Woolston's auction occurs one purchaser at a time and that the highest bid will win, whereas Appellants allocate collectibles to selected of the responding purchasers.

Claim recollection 110 d): Woolston does not teach that a record is created as claimed in Claim recitation 110 d) for each of the purchasers selected by the allocating step 110c). Rather, Woolston discloses that a record is created for the collectibles, e.g., a Babe Ruth card, that is offered for sale as taught at Col., 3, line 42 - col. 3, line 2. Further, the Examiner fails to mention creating a record, much less point out Woolston's teaching on this recitation.

Claim 111 Dependent on Claim 110

The entire record made by the Examiner (page 19, lines 23 - 31 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 111** as being anticipated by Woolston '651 is produced as follows:

Claim 111. wherein the server is further programmed to facilitate an administrator to maintain at least the limited number of collectibles in the determined condition during the offering for sale of the collectibles, and the message comprises a guarantee made by the administrator that the limited number of collectibles initially offered for sale are of the determined condition indicated by the message (col. 6 "may elect direct delivery of the goods", the administrator is the pawn shop owner).

Woolston '651 fails to disclose the maintaining of the collectibles in a determined condition as explained above in detail with respect to Claim recitation 71 d), much less to provide a message indicating the limited number of collectibles and their conditions.

Claim 112 Dependent from Claim 110

The entire record made by the Examiner (page 19, lines 32 – 35 of the March 12,

2004 Office Action) to support his §102(e) rejection of **Claim 112** as being anticipated by Woolston '651 is reproduced as follows:

Claim 112. wherein the server is further programmed to store the number of the collectibles allocated to a selected purchaser into the record of that purchaser (refer to Fig. 12 Sold and Shipped database server).

Woolston fails to disclose the storing of the number of collectibles allocated to a particular purchaser in the record of that purchaser for the reasons explained above with respect to Claim recitation 73 c).

Claim 113 Dependent from Claim 110

The entire record made by the Examiner (page 19, line 36 to page 20, line 4 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 113** as being anticipated by Woolston '651 is reproduced as follows:

Claim 113. wherein the server is programmed to receive and process commands from the selected purchasers to which at least one collectible was allocated to place its allocated one collectible for sale to other potential purchasers (col. 12 L 59-66, re-post and col. 6 L 41 – 44 “post the good on the electronic market at a new participant determined price”).

Woolston '651 does not disclose making an initial offering on a primary market as described above with respect to the preamble of Claim 71 and Claim recitation 71 a), much less the allocating of either the collectibles for which bids are made on the primary market as described in detail with respect to Claim recitation 71 c) or the offering of collectibles on both of the primary and secondary markets.

Claim 114 Dependent from Claim 113

The entire record made by the Examiner (page 20, lines 4 - 9 of the January March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 114** as being anticipated by Woolston '651 is reproduced as follows:

Claim 114. wherein the server is programmed to receive a command from the one selected purchaser to which the one collectible was allocated to transmit the allocated collectible to the selected purchaser in a protective case, whereby the

condition of the allocated collectible is maintained (inherent to shipment as discussed col. 12 L 56-59).

Col. 12, lines 56 - 59, of Woolston fails to disclose a protective case for the collectible, much less a server programmed to permit a purchaser of a collectible of a predetermined condition from an initial offering to direct the purchased collectible to be sent to the purchaser. Applicants traverse the Examiner's statement that the use of such a case is inherent from the noted portion of Woolston. In particular, the Examiner has not constructed a record that logically and technically explains how the use of such a case inherently flow from the cited passage of Woolston.

Independent Claim 115

The entire record made by the Examiner (see page 20, lines 10 - 34 of the March 12, 2004 Office Action) to support his rejection under §102(e) of **Claim 115** based upon Woolston '651 is reproduced as follows:

Claim 115. Woolston teaches a method of facilitating an issuer of collectibles to manage the sale and distribution of at least one collectible from a source to at least one purchaser, said method comprising the steps of

a) offering the one collectible of a predetermined condition for sale (refer to Claim 71 limitation a));

b) effecting the sale of the one collectible of the determined condition to the one purchaser (refer to Claim 77 limitations a) and b));

c) and f) receiving a request of the one purchaser to distribute from the source its one sold collectible and responding to the request by encapsulating the one sold collectible, whereby the determined condition of the one sold collectible is continued to be maintained (col. 12 L 56-59, the participant elects to ship goods., encapsulating is a choice of the seller for shipping);

d) maintaining the predetermined condition of the one collectible at least during steps a) and b) until the one collectible is encapsulated, whereby the issuer is enabled to guarantee the condition of the encapsulated collectible inherent feature of Woolston because the issuer is a reputable entity, it is a well known practice to enabled to guarantee the condition of the collectibles);

e) said steps a) - c) being implemented by a programmed computer (discussed in previous claims analysis)

With respect to **Claim 115**, the record of what Woolston '651 disclosed as reproduce above fails to disclose the following recitation: 1) "A method of facilitating an issuer of collectibles to manage the sale and distribution of at least one collectible from a source to at least one purchaser" (as recited in the preamble); 2) "c) receiving a request of the one purchaser to distribute from the source its one sold collectible and responding to the request by encapsulating the one sold collectible, whereby the determined condition of the one sold collectible is continued to be maintained;" 3) "d) maintaining the predetermined condition of the one collectible at least during steps a) and b) until the one collectible is encapsulated, whereby the issuer is enabled to guarantee the condition the encapsulated collectible;" and 4) "f) distributing the encapsulated collectible from the source."

Preamble of Claim 115: Woolston '651 does not disclose a method that facilitates an issuer of collectibles to offer a collectible of a predetermined condition. An extensive explanation of such lack of teaching is found in Applicants' argument above with respect to the preamble of Claim 96. Unlike Woolston '651, the preamble further includes the recitation of a source of the collectibles, from which the issuer distributes the collectibles. Further, the consignment node user of Woolston is not an issuer of the collectibles. See Applicants' argument with respect to the preamble of Claim 71 and its recitation 71a) for a complete discussion of why Woolston does not teach Appellants' "issuer" and, in particular, that Woolston's "consignment node user" does not perform or teach the functions of Appellants' issuer as recited in Claim 115. As disclosed at col. 3, line 42 - col. 4, line 2 of Woolston '651, the assignment node user offers for sale only a previously purchased collectible in contrast to an issuer from a source of new or uncirculated collectibles.

Claim recitations 115 c) and d): Further, Woolston discloses maintaining the predetermined condition of a collectible as claimed in Claim recitation 115 d) neither during the offering and sale of the collectible, nor until the collectible is encapsulated as detailed above with respect to Claim recitation 71 d). Further, steps c) and d) ensure that the

condition of the offered collectible is maintained from the time that the issuer issues the collectible from a source until it is encapsulated for distributors from the source to the one purchaser. Applicants do not fully understand the Examiner's argument that, "(I)t is well known practice to enabled (sic) to guarantee the condition of the collectibles", and would traverse this statement if it was intended to say that it well known to enable an issuer to guarantee its collectible by performing the steps c), d) and c) as recited in Claim 115.

Claim 116 Dependent from Claim 115

The entire record made by the Examiner (page 20, lines 35 - 38 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 116** as being anticipated by Woolston '651 is reproduced as follows:

Claim 116. wherein the step d) of maintaining keeps the plurality of collectibles at the source in a protective environment, whereby their conditions are maintained (long term storage, col. 17 L 60 - col. 18 L 5).

Applicants assert that the disclosure of "long term storage" is not a teaching of maintaining the collectibles in a begin environment as explained in detail with respect to Claim recitation 71 d).

Claim 117 Dependent from Claim 115

The entire record made by the Examiner (page 21, lines 1 - 5 of the march 12, 2004 Office Action) to support his §102(e) rejection of **Claim 117** as being anticipated by Woolston is reproduced as follows:

Claim 117. wherein the request of the one purchaser alternatively directs that the one sold collectible be distributed from the source to the one purchaser or the sold collectible is kept in its determined condition at the source (col. 12 L 59-66, leave the good at the consignment note).

Col. 12, lines 59 - 66 of Woolston fails to teach that collectibles are distributed from the source of these collectibles under the control of the issuer of the collectibles, and keeping the collectibles in the determined condition at the source as explained in detail with respect to the Claim recitation 71 d).

Claim 118 Dependent from Claim 117

The entire record made by the Examiner (page 21, lines 6 – 13 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 118** as being anticipated by Woolston '651 is reproduced as follows:

Claim 118. further including the step of alternatively maintaining the collectibles at the source in a protective environment after the sale of the one collectible or encapsulating the one collectible after its sale, whereby the plurality of collectibles are maintained at their determined conditions, whether they are kept at the source or distributed to the one purchaser (long term storage, col. 17 L 60 - col. 18 L 5).

Woolston fails to disclose the maintaining of the predetermined condition of the collectibles or the encapsulation of the collectibles for distribution from the source to its purchaser, whereby the collectibles are maintained at their determined conditions. Whether they are kept at the source or distributed to the one purchaser as explained in detail with respect to Claim recitation 71 d).

Independent Claim 119

The entire record (see page 21, lines 14-35 of the March 12, 2004 Office Action) made by the Examiner to support his §102(e) rejection of **Claim 119** as being anticipated by Woolston '651 is reproduced as follows:

Claim 119. Woolston teaches a method of managing the sale of collectibles on each of a primary market and a secondary market, each of the collectibles being of a predetermined condition (col. 3 L 61-66), said method comprising the steps of:

- a) offering the collectibles of given conditions for sale on the primary market to potential purchasers (refer to Claim 77 a);
- b) facilitating one or more original purchasers to purchase the collectibles of given conditions on the primary market and to offer to a subsequent purchaser at least one purchased collectible of a given condition on the secondary market (col. 12, L 59-66 Re-post the collectible and col. 3 L 25-41); and
- c) facilitating one or more original or subsequent purchasers to offer for sale on the secondary market one or more sold collectibles to one or more original or

subsequent purchasers (col. 3 L 25-41 plurality of participants buying and selling collectibles...),

said steps a) - c) being implemented by a programmed computer (analyzed as in Claim 77).

Note that limitation is “predetermined condition” “the determined condition” are not accorded patentable weight in view of explanation given under the 112 (second) rejection.

As indicated above, the Examiner further relies on his analysis of Claim recitation 77 a) to reject Claim recitation 119 a), which is reproduced in full as follows: “(col. 2 L 19 - end ‘electronic markets’ comprised both features primary market when a participant places (post) a good for sale)”. The Examiner's further comments with respect to Claim recitation 77 e) reads: “(Fig. 1 depicting the apparatus)”.

With respect to **Claim 119**, the record as stated above fails to disclose the following recitations: 1) "A method of managing the sale of collectibles on each of a primary market and a secondary market, each of the collectibles being of a predetermine condition” (from the preamble); and 2) "a) offering the collectibles of given conditions for sale on the primary market to potential purchasers.”

Claim recitations 119 a) and b): The Examiner has failed to construct a record which discloses that Woolston teaches the offering of collectibles of a given condition on a primary market. In particular, the Examiner has not shown that Woolston ‘651 discloses the Claim recitation 119 a) of "offering the collectibles of a given condition for sale on the primary market to potential purchasers" or the Claim recitation 119 b) "of facilitating one or more original purchaser to the purchase the collectibles of given conditions on the primary market". Rather, as will be explained below, Woolston ‘651 only offers collectibles for sale to a subsequent purchaser on a secondary market.

Applicants teach that the recited "primary market" of Applicants' invention is modeled on an initial public offering of securities, whereby a plurality or lot of new shares of securities are introduced on the primary market. In keeping with that model, the primary

market established by Applicants introduces new collectibles, e.g., cards with a likeness of a particular athlete, of a given condition, i.e. uncirculated". A purchasing administrator or collectible issuer places a plurality of lots of the collectibles of a given condition, e.g., uncirculated, on the primary market. In Claim recitation 119 a), "collectibles of a given condition" are offered for sale "on the primary market to potential purchasers", i.e., potential buyers of the offered lots. Then, the "original purchasers" are facilitated "to purchase the collectibles of given conditions on the primary market". In other words, new collectible of a given condition are sold to the "original purchasers".

The Examiner asserts that Claim recitation 119 a), as reproduced and discussed above, is similar to Claim recitation 77 a), which in turn is disclosed by col. 2, lines 19 - end "electronic markets" and that Claim recitation 119 b) is disclosed by col. 3, lines 25 - 41 and col. 12, lines 59 - 66. In comparing Claim recitations 119 a) and 77 a) with Woolston '651, the Examiner remarks that the referenced "electronic market comprised both features primary market when a participant places (post) a good for sale". The undersigned has reviewed these sections of Woolston '651 with care and find that these identified parts of Woolston do not disclose the Claim recitation 77 a). Though this cited portion refers to "electronic markets" (see lines 35, 36 and 67 of col. 2), there is no disclosure that the noted market is a primary market as recited in Claim recitation 119 a) and as discussed above with respect to Claim recitation 71 a).

Applicants assert that col. 3, line 46 to line 53 of col. 4 of Woolston '651 teaches that the referenced "electronic market" refers only to Applicants' secondary market and not to Applicants' primary market. First, a review of the noted passage and all of Woolston does not find mention of what is the original source of Woolston's collectible, the given condition of the collectibles or that the original purchasers had purchased such collectibles on a primary market. Further, Woolston '651 does **not** disclose the original source or issuer of the collectibles, or that either Woolston's "consignment node user" or "participant" is Applicants' recited original purchaser. Rather, Woolston '651 discloses that its consignment node user can prepare the user's collection cards for sale on a market one card at a time by first

digitizing a card and entering that digital record into the data storage device 22 of the consignment node as shown in Figure 1. Woolston's collection of cards are now ready to be browsed and purchased by the participants. See col. 3, lines 42 - 61. In a second embodiment of Woolston '651, a participant or local resident may prepare its card for sale by taking it to the local card store and "tells the consignment node user he would like to offer his --- card for a consignment sale". In a fashion similar to the first embodiment, the consignment node user of Woolston '651 digitizes the card and stores the digital record in its storage device 22 in preparation to being offered for sale. See col. 4, lines 12 - 37. Woolston '651 is silent as to how the assignment node user or the participant obtained its collectibles, much less describe offering them for sale on a primary market.

Claim 120 Dependent from Claim 119

The entire record (see page 21, lines 36 – 38 of the March 12, 2004 Office Action) supporting the Examiner's §102(e) rejection of **Claim 120** is reproduced as follows:

Claim 120. (New) a step of determining the predetermined condition of each of the collectible on sale on the primary market (col. 3 L 61-66).

With respect to **Claim 120**, the Examiner's record does not disclose the following recitation: "determining the predetermined condition of each of the collectibles on sale on the primary market" for the reasons discussed about with respect to Claim recitation 71 e).

Claim 121 Dependent from Claim 120 and Claim 122 Dependent from Claim 121

The entire record (see page 22, lines 1 - 7 of the March 12, 2004 Office Action) supporting the Examiner's §102(e) rejection of **Claims 121 and 122** is reproduced as follows:

Claims 121 and 122. further including the step of maintaining the predetermined condition of the collectibles at a source thereof in a benign environment and wherein the step of maintaining keeps the collectibles offered for sale on the source in the primary and secondary markets at the predetermined condition.

(Col. 17 L 66- col. 18 L 5, long term storage facility).

With respect to **Claim 121**, the record does not disclose the recitation of "maintaining the predetermined condition of the collectible at a source thereof in a benign environment" as discussed above in detail with respect to Claim recitation 71 e). With respect to **Claim 122**, the record does not disclose the recitation of: "the step of maintaining the collectibles offered for sale on the source in the primary and secondary markets at the predetermined condition" as discussed above with respect to Claim limitations 71 e) and 71 d).

Independent Claim 123

The entire record made by the Examiner (see page 22, lines 8 - 28 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 123** based upon Woolston '651 is reproduced as follows:

Claim 123. Woolston teaches a method of managing a sale of at least one collectible to at least one original purchaser on a primary market, a resale of the one sold collectible to at least one subsequent purchaser on a secondary market, and keeping track of these sale and resale of the one collectible respectively to the one original purchaser and to the one subsequent purchaser on a data base, (refer to analysis of prior Claims 77-95) said method comprising the steps of

a) responding to the sale on the primary market of the one sold collectible to the one original purchaser to create a record in the database for receiving data identifying the one sold collectible and the one original purchaser who owns the one collectible (refer to Fig. 12, "sold" and "fore sale" data base), col. 14 L 57-63);

b) responding to the resale on the secondary market of the one resold collectible to the one subsequent purchaser to create a record in the data base for receiving data identifying the one subsequent purchaser of the one resold collectible; and

c) said steps a) and b) being implemented by a programmed computer (refer to Fig. 12, "sold" and "fore sale" database), col. 14 L 57-63).

With respect to **Claim 123**, the record as reproduced above fails to demonstrate that Woolston '651 discloses the following recitations: 1) "The method of managing a sale of at least one collectible to at least one original purchaser on a primary market, a resale of the one sold collectible to at least one subsequent purchaser on a secondary market, and keeping track of these sale and resale of the one collectible respectively to the one original purchaser

and to the one subsequent purchaser on a database" (from the preamble); 2) "a) responding to the sale on the primary market of the one sold collectible to the one original purchaser to create a record in the database for receiving data identifying the one sold collectible and the one original purchaser who owns the one collectible"; 3) "b) responding to the resale on the secondary market of the one resold collectible to the one subsequent purchaser to create a record in the database for receiving data identifying the one subsequent purchaser of the one resold collectible"; and 4) "c) said steps a) and b) being implemented by a programmed computer".

Preamble of Claim 123: Applicants respectfully assert that the recitation "of managing a sale of at least one collectible to at least one original purchaser on a primary market" is **not** taught by Woolston '651. As discussed in detail above with respect to Claim recitation 119 a), Woolston does not teach that the original purchasers had purchased such collectibles or that Woolston's "consignment node user" or its "participant" is Applicants' recited original purchaser.

The Examiner asserts that his analysis as applied to Claims 77 - 95 is also relevant to the preamble of Claim 123. The Examiner's analysis to reject Claim recitation 77 a) relies on col. 2, lines 19 - 67. Applicants' review of this portion of Woolston finds no disclosure offering collectibles for sale to an original purchaser as described above in detail with respect to Claim recitation 119 a).

Claim Recitations 123 a) and b): The Examiner relies for his rejection of recitations 123 a) and b) upon col. 14, lines 57 - 63, and a "sold" database 816 and a "for sale" database 814 as shown in Figure 12. Applicants have reviewed these portions of Woolston '651 and finds them to provide minimal description of the mentioned databases. In particular, Woolston '651 fails to disclose a first step of responding to a sale on the primary market to store in the database a record of the original purchaser, or a second step of responding to a sale on the secondary market to store on the database a record of the subsequent purchaser. Further, Applicants' first and second steps are carried out

automatically by a programmed computer as recited in Claim recitation 123 c) without human intervention to initiate a program or to enter data as disclosed by Woolston '651.

In contrast to the Applicants' method, Woolston '651 explicitly teaches that a consignment node user digitizes the picture shown on the collectible card and loads that digitized image in the record. Next, the user adds a description of the card to the record to be stored on the database. See col. 3, line 42 - line 2 of col. 4, and col. 4, lines 13 - 26 of Woolston '651. Further as described in these aforementioned passages, Woolston only discloses the constructions of records for corresponding goods or collectibles and not the original or subsequent purchaser as recited in Claim recitations 123 a) and b).

Claim 124 Dependent from Claim 123

The entire record made by the Examiner (see page 22, lines 29 - 35 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 124** as being anticipated by Woolston '651 is reproduced as follows:

Claim 124. wherein the sale of the one collectible includes the offering of collectibles to potential purchasers and receiving orders from the ordering potential purchasers, and said step a) responds to the receiving of each of the orders of potential purchasers to create a record in the data base for receiving data identifying one of the potential purchasers (refer to Fig. 12, "sold" and "fore sale" database), col. 14 L 57-63).

Applicants assert that col. 14, line 57 - 63 disclosed a record storing "the goods for sale" in contrast to the recited step of creating a record for the database that carries data "identifying the one subsequent purchaser of the one resold collectible.

**Claim 125 Dependent from Claim 123, each of Claims 126-127
Dependent from Claim 125, and Claim 128 Dependent from Claim 127**

The entire record made by the Examiner (see page 22, lines 36 - 38 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claims 125-128** as being anticipated by Woolston '651 is reproduced as follows:

Claims 125-128. further including a step of maintaining the condition of the one collectible (refer to Claim 71 step c) and Claims 104-107 analysis).

Woolston does not disclose the maintaining the condition of the collectible as discussed above with respect to Claim recitation 71 e).

Claim 129 Dependent from Claim 125

The entire record made by the Examiner (see page 23, lines 1 - 6 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 129** as being disclosed by Woolston '651 is reproduced as follows:

Claim 129. further including a step of receiving and responding to a request of the original purchaser to forward the one sold collectible and to encapsulate the one sold collectible, whereby the condition of the forwarded one collectible is maintained (col. 12 L 59-66 and col. 18 L 1-5, long term storage).

Woolston '651 does not teach the responding to an instruction of an original purchaser to "encapsulate the one sold collectible" as recited in Claim 129 for the reasons set out in Applicants' analysis with respect to Claim recitation 115 c).

Claim 130 Dependent from Claim 125

The entire record made by the Examiner (see page 23, lines 7 – 12 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 130** as being disclosed by Woolston '651 is reproduced as follows:

Claim 130. further including a step of receiving and responding to a request of the subsequent purchaser to forward the one resold collectible to the subsequent purchaser and to encapsulate the one resold collectible, whereby the condition of the forwarded one collectible is maintained (col. 12 L 56-59, participant elects to ship goods).

The portion of Woolston '651 cited by the Examiner, col. 12, lines 56-59, merely discloses that the purchaser may elect to ship the purchased goods by attaching shipping labels, but fails to disclose the encapsulation of the purchased collectible to maintain the condition of the collectible, as recited in Claim 130, not only during the offering on the primary and secondary markets, but also to continue the protection of the collectible as it is forwarded to the subsequent purchaser.

Independent Claim 131

The entire record made by the Examiner (see page 23, lines 13 - 22 of the March 12,

2004 Office Action) to support his §102(e) rejection of the **Claim 131** based upon Woolston '651 is reproduced as follows:

Claim 131. Woolston teaches a method of managing the initial offering for sale of collectibles, the method comprising the steps of:

steps a) - c) have been discussed in Claims 71, 73 and 77.

d) provide each successful purchaser the option to remove its collectibles, in the same predetermined condition, from the protective environment or to continue to keep the collectibles in the protective environment (col. 12 L 56-66);

at least said steps b) - d) being implemented at least in part by a programmed computer (discussed before).

With respect to **Claim 131**, the record as reproduced above fails to demonstrate that Woolston discloses the following recitations: 1) "A method of managing the initial offering for sale of collectibles" (as set out in the preamble); 2) "a) keeping the collectibles of a predetermined condition in a protective environment"; 3) "b) initially offering for sale to potential purchasers the collectibles on an initial market"; 4) "c) determining the successful purchasers of the collectibles in the initial market"; and 5) "d) provide each successful purchaser the option to remove its collectibles from the protective environment or to continue to keep the collectibles in the protective environment".

The Examiner's application of Woolston to the recitations 131a, b and c is not clear. In particular, the Examiner cryptically states, "steps a) - c) have been discussed in Claims 71, 73 and 76." Without positively connecting his analysis to a particular recitation of the claim, there is the possibility that a significant part of the Examiner's record may be inadvertently misinterpreted. The Examiner is requested to review the following argument to ensure that no part of the Examiner's rejection was overlooked. If some part of the rejection has been overlooked, the Examiner is requested to communicate that omission to the undersigned.

Claim recitation 131 a): Applicants assert that the recitation of "keeping the collectibles of a predetermined condition in a protective environment" is **not** taught by Woolston '651. By contrast, Woolston '651 teaches that the consignment node user which is

obligated to an assignment agreement, must "hold a good for a predetermined time and/or ship the good to a long term storage facility, col. 17, line 60 - col. 18, line 5 (from Claim recitation 17d). Neither this quoted statement nor its context in Woolston '651 supports the Examiner's position. First, the Claim recitation 131 a) specifies that the goods will be sent to a "long term storage facility". Applicants assert that this quote from Woolston '651 does not in the least imply or teach that such a facility has a "protective environment". A careful reading of this quote indicates that Woolston '651 is not concerned with protecting or maintaining the condition of the collectibles, but rather with finding room to store such goods, i.e., to "keep the good available in the electronic market place for the long term", as described in detail with respect to Claim recitation 71 d). See col. 18, lines 4 and 5.

Claim recitation 131 b): The Examiner rejects the recitations of "initially offering for sale to potential purchasers the collectibles on an initial market", and of "determining the successful purchasers of the collectibles in the initial market" based on the Examiner's analysis of the preamble and the Claim recitation 71 a), which in turn relies on col. 2, lines 29 - 67. This passage is discussed above at length by Applicants' comments on Claim recitation 119 a). As previously discussed, Applicants conclude that this passage does not disclose the offering of collectibles of given conditions for sale on either the primary or the initial market to potential purchasers.

Claim recitation 131 d): Further, the Examiner asserts that Claim recitation 131 d) of providing the purchaser an option to recover goods from a protective environment or keep them in such an environment, as recited in full above, is disclosed by the col. 12, lines 55 - 66 of Woolston. Though that quote discloses that the participant has an option to retain the goods at the consignment node or to remove the goods therefrom, Woolston '651 does not disclose any "protective environment", much less that the consignment node is that recited protective environment. Attention is also drawn to Applicants' analysis of Woolston '651 with regard to Claim recitation 71 d).

Claim 132 Dependent from Claim 131

The entire record made by the Examiner (see page 23, lines 23 - 26 of the March 12,

2004 Office Action) to support his §102(e) rejection of **Claim 132** as being disclosed by Woolston '651 is reproduced as follows:

Claim 132. wherein if a successful purchaser opts to remove its collectibles, the collectibles to be removed are disposed in a protective housing (inherent to shipment of collectibles, step 414, Fig. 414).

Woolston '651 does not disclose the removal of the purchase collectible and put it in the recited "protective housing" for the reasons set out in the analysis of Claim recitation 115 c).

Independent Claim 133

The entire record made by the Examiner (see page 23, lines 27 - 31 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 133** based upon Woolston '651 is reproduced as follows:

Claim 133. Woolston teaches a method of facilitating an issuer of collectibles to manage the sale of at least one collectible from a first purchaser to a second purchaser, said method comprising the steps of:

- a) - c), e) and f) refer to analysis of Claims 110 and 115
- d) transferring the ownership of the one collectible from the first purchaser to the second purchaser by deleting the one collectible from the first record and adding the one collectible to the second record (col. 18 L 63 - col. 19 L 15, transferring legal title).

With respect to **Claim 133**, the record as reproduced above fails to disclose the following recitations: 1) "A method of facilitating an issuer of collectibles to manage the sale of at least one collectible from a first purchaser to a second purchaser (from the preamble); 2) " b) initially determining the condition of the collectible"; 3) "b) facilitating the first purchaser to the offer its one collectible for sale"; 4) "c) constructing a database with first and second records respectively for the first and second purchasers"; 5) "d) transferring the ownership of the one collectible from the first purchaser to the second purchaser by deleting the one collectible from the first record and adding the one collectible to the second record"; and 6) "f) maintaining the condition of the one collectible at lease during the step b), whereby

the condition of the collectible sold to the second purchaser may be guaranteed by the issuer to be the initially determined condition".

The Examiner applies Woolston '651 to the recitations 133a), b), c), e) and f) by merely referring to his analysis of Claims 110 and 115. Applicants assert that such a record is inadequate in that it does not clearly and unambiguously map each claim recitation to a particular portion of Woolston '651, much less determine the scope of Claim 133. Applicants will make a good faith effort to identify and apply portions of Woolston to the recitations of Claim 133.

Claim recitation 133 a): The Examiner is apparently relying on his analysis of Claim recitation 110 a) to anticipate Claim recitation 133 a). In turn, the Examiner's analysis of Claim recitation 110 a) relies on col. 2, lines 61-66 and screen 956 as shown in Figure 13 for a disclosure of storing an indication of the condition of a collectible. In particular, Figure 13 discloses a graphical user interface which includes a screen 956, which displays a written description of the object, e.g., a watch that is offered for sale. In this example, the description reads, "This is a mint condition Rolex that was a gift to the previous original owner". Claim recitation 133 a) reads "initially determining the condition" of the collectible. The initial determination of the collectible's condition enables an administrator to guarantee its condition on the primary and secondary because the collectible condition was initially determined. By contrast, the potential purchaser of the Rolex does not have the assurance of such a preliminary determination, but must rely on the subjective evaluation given to this watch sometime after its first sale by the assignment node user as explained in col. 3, lines 61-66 of Woolston '651.

Claim recitation 133 c): As noted by the Examiner in his analysis of Claim recitation 110 b), col. 9, line 65 to col. 10, line 2, discloses the construction of a data record for the collectibles, but not for the recited first and second purchasers.

Claim recitation 133 f): The Examiner relies on his analysis of Claim recitation 110 d) (see col. 12, lines 56-59) for a disclosure of maintaining the condition of a collectible, stating that, "encapsulating is a choice of the seller for shipping." The undersigned's review

of the noted portion of Woolston, as well as all of Woolston ‘651, finds no teaching of encapsulation, much less of maintaining the condition of a collectible. The Examiner also asserts in his analysis of claim recitation 115 d) that encapsulating the collectible to protect its condition and to enable an issuer to guarantee its condition is "a well known practice" and is "an inherent feature of Woolston ‘651 because the issuer is a reputable entity." Also see Appellants’ argument with respect to the preamble of Claim 71 and its recitation 71a) for a complete discussion of why Woolston ‘651 does not teach Appellants’ “issuer” and, in particular that Woolston’s “consignment node user” does not perform or teach the functions of Appellants’ issuer as recited in Claim 133. To establish inherency, the Examiner must provide the factual and technical grounds to establish that the inherent features necessarily flows from Woolston ‘651. *Levy*. In similar fashion, the Examiner can not merely state that Applicants’ invention is well known in the art or is within the common knowledge of one skilled in the art. Rather, the Examiner must create a record including evidence on which such findings are based and the Examiner's reasoning in reaching such a conclusion. *Lee*. Further Applicants' invention is not merely the protection of collectibles per se, but rather the method of protecting the condition of the collectibles while they are being offered on a primary market and/or secondary market. In this regard, the Examiner has failed to construct any record that anticipates or obviates such a method.

Claim recitation 133 f): Applicants have provided increased assurance and the ability to guarantee the condition of collectibles that are offered for sale on the secondary market. As described above, Applicants' method can control the condition of its collectible at least up to the time that a collectible is offered for sale by the first purchaser. This advantage is achieved at least in part by facilitating the first purchaser to make an offer of the one collectible of a given condition, whereby the first purchaser may offer that collectible with the assurance that it is of that given condition. By contrast, Woolston ‘651 can not offer its collectibles with the same assuredness of the collectible's condition. Woolston suggests that the consignment node user can enter onto the card's record the condition of that card based upon the user's "own subjectivity and quality standard in item posting". See col. 3, line 61 to

line 2, col. 4. Woolston '651 suggests that the user's subjectivity is a problem and that "(e)ach consignment node user may be a franchisee of a central franchiser and the franchiser may police the network to give quality control, detect fraud and revoke the franchises of licenses of poor quality consignment node users." See col. 4, lines 40 - 58.

Claim 134 Dependent on Claim 133

The entire record made by the Examiner (see page 23, lines 37 – 39 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 134** as being anticipated by Woolston'651 is reproduced as follows:

Claim 134. wherein step f) keeps the one collectible in the benign environment during at least steps b), c) and d) (long term storage facility, col. 17 L 2-col. 18 L5).

Woolston '651 does not disclose keeping a collectible in a benign environment during the steps of offering the collectible for sale, constructing a database and transferring the owner ship from the first purchaser to the second purchaser for the reasons presented with respect to Claim recitations 71 e) and 33 f).

Claim 135 Dependent on Claim 134

The entire record made by the Examiner (see page 24, lines 1 - 6 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 135** as being anticipated by Woolston '651 is reproduced as follows:

Claim 135. (New) wherein step d) further transfers the ownership of the one sold collectible from the second purchaser to a third purchaser, and step c) further constructs the data base with a third record for the third purchaser transfer of ownership of goods, Fig. 9, col. 18 L 63 - col. 19 L 15, transferring legal title).

The passage at col. 18, Line 63 - col. 19, Line 15 does not teach that the database includes at least first and second records for their respective purchasers to facilitate the transferring of the collectible's title from the first record to a second in contrast to "process . transactions from participants by clearing a transaction and transferring legal tile to a good".

Claim 136 Dependent on Claim 135

The entire record made by the Examiner (see page 24, lines 7 - 12 of the March 12,

2004 Office Action) to support his §102(e) rejection of **Claim 136** as being anticipated by Woolston '651 is reproduced as follows:

Claim 136. wherein step d) further transfers the ownership of the one collectible from the second purchaser to the third purchaser by deleting the one collectible from the second record and adding the one collectible to the third record (transfer of ownership of goods, Fig. 9, col. 18 L 63 - col. 19 L 15, transferring legal title.

The passage at col. 18, Line 63 - col. 19, line 15 also does not teach the transferring title from a second purchaser to their purchaser by deleting a second record from the database to a third record.

Independent Claim 137

The entire record made by the Examiner (page 34, lines 13 - 18 of the March 12, 2004 Office Action) to support his rejection under §102(e) of **Claim 137** based upon Woolston '651 is reproduced as follows:

Claim 137. Woolston teaches a method of facilitating at least one administrator to manage the sale of at least one collectible to at least first and second purchasers on a primary market and a secondary market respectively (consignment node acts as the administrator, Fig. 8 and 9 and relevant description) refer to analysis of Claims (71, 73, 77, 95 and 115 inadvertently deleted as discussed above).

With respect to **Claim 137**, the record as reproduced above fails to disclose the following recitations: 1) "A method of facilitating at least one administrator to manage the sale of at least one collectible to a least first and second purchasers on a primary market and a secondary market respectively" from the preamble of Claim 137; 2) "b) facilitating the administrator to introduce the one collectible for sale on the primary market"; 3) "c) effecting the sale of the one collectible on the primary market to the first purchaser"; 4) "d) facilitating the first purchaser to offer for sale the purchased one collectible on the secondary market"; and 5) "g) maintaining the condition of the one collectible throughout the primary and secondary markets, whereby the one administrator may guarantee the determined condition of the one collectibles to at least the first and second purchasers".

Claim recitation 137 b): Appreciating the difficulty of applying the Examiner's analysis of a claim with certainty to a particular recitation of a claim, the undersigned will make a good faith effort to do so. The Examiner's analysis of and application of col. 2, lines 32-36 and lines 19-67 to the preamble of Claim 137 is apparently also being applied to Claim recitation 137 b). Applicants assert that col. 2, lines 32 and 19-67 do not teach the offering of a collectible for sale on the primary market for the reasons set out in detail by Applicants' remarks above with respect to Claim recitations 119 a) and 71 a). Further, that Examiner's application of col. 17, line 60 - col. 18, line 5 in Claim 71 is apparently also being made to recitation 137g). Applicants respectfully assert that that his passage does not teach the maintaining the condition of the collectable during the primary and secondary markets for reasons advanced above in detail with respect to Claim recitation 131 a). Further, Applicants traverse the analysis that Claim recitation 137 g) is unpatentable because they are well known and inherent in view of the described method for the reasons explained in detail with respect to Claim recitation 133 f).

Claims 138 and 139 each Dependent on Claim 137

The entire record made by the Examiner (see page 24, lines 19 - 23 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claims 138 and 139** as being anticipated by Woolston '651 is reproduced as follows:

Claims 138 and 139. (wherein step f) of maintaining the condition comprises the step of keeping the one collectible in a benign environment, encapsulating the one collectible in a protective housing (inherent to long term storage as discussed previously). of keeping the one collectible in a (sic)

Woolston's "long term storage" does not teach to one skilled in the art a benign environment as stated in the Applicants' analysis of Claim recitation 71 e) or an encapsulated housing as discussed with respect to Claim recitation 115 c).

Claim 140 Dependent on Claim 139

The entire record made by the Examiner (see page 24, lines 24 - 30 of the March 12,

2004 Office Action) to support his §102(e) rejection of **Claim 140** as being anticipated by Woolston '651 is reproduced as follows:

Claim 140. wherein there is a second administrator, the second administrator having a secondary market, and there is further included the step of determining whether the protective housing has been tampered with and, if not, facilitating the second administrator to offer the one collectible of the determined condition for sale on the secondary market of the second administrator (col. 3 L 36-41, "trusted means").

The passage Woolston '651 identified by the Examiner, col. 3, Lines 36 - 41, does not teach the determining the collectible's condition by having a second administrator determine whether or not its protective housing has been tampered with.

Claim 141 Dependent on Claim 139

The entire record made by the Examiner (see page 24, lines 31 - 34 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 141** as being anticipated by Woolston '651 is reproduced as follows:

Claim 141. wherein the one administrator continues to guarantee the condition of the one collectible as long as the protective housing remains in tact (customary business practice).

Applicants assert that Woolston '651 teaches neither the maintaining a benign environment to protect a collectible as discussed with respect to Claim recitation 71 a), nor the encapsulation of the collectible as argued with respect to Claim recitation 115 c) to permit the guaranteeing of its condition for an extended period of time. Still further, the Examiner has not constructed a record specifically teaching the motivation for combining a step of maintaining the collectible in a benign environment during the marketing of a collectible with a further step encapsulating the protected collectible as delivered to a purchaser on the secondary market.

Independent Claim 49

The entire record made by the Examiner (see page 24, line 35 to page 25, line 14 of

the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 49** as being anticipated by Woolston '651 is reproduced as follows:

Claim 49. Woolston teaches a method of operating a server (computer 10, Fig. 1) to receive over a network at least one order for collectibles from at least one of a plurality of potential purchasers, said server being programmed to implement said method comprising the steps of:

a) providing at the server a purchaser history database (purchase records, col. 7 L 12-21);

b) offering for sale an initial placement of a predetermined number of collectibles (col. 5 L 30-41, note that each participant may choose to post new record as per col. 9 L-63-65);

c) receiving from one of the potential purchasers at least one order for a selected number of collectibles (refer to Claim 71 b) analysis)

d) creating in response to the received one order an account in the purchaser history database for its potential purchaser, each account including a record of the purchasing activity of its potential purchaser (inherent to sold database 816, shipped database 820 col. 19 L 36-46).

With respect to **Claim 49**, the record as stated above fails to disclose the following recitations: 1) "a) providing at the server a purchaser history database"; 2) "b) offering for sale an initial placement of a predetermined number of collectibles"; 3) "b) offering for sale an initial placement of a predetermined number of collectibles"; and "4) creating in response to the received one order an account in the purchaser history database for its potential purchaser, each account including a record of the purchasing activity of its potential purchaser".

Applicants assert that col. 7, lines 12-21, teaches the coordination of the database on each consignment node, but does not provide any teaching regarding a database for purchaser or buyer records. In particular, Woolston '651 discloses databases for goods but not for storing records concerning their purchasers. Applicants assert that Woolston '651 does not disclose the offering for sale an initial placement of collectibles as recited in **Claim recitation 49 b)** as explained in detail above with respect to Claim recitation 119 a). The

offering for sale referred to at col. 5, lines 30-41, refers to placing previously purchased collectibles for sale on a secondary market and not on the primary market or initial placement as recited in Claim recitation 49 b). The undersigned asserts that col. 9, lines 63-65, does not relate to the offering or posting collectibles for sale, much less offering an initial placement of collectibles as recited in Claim recitation 49 b). Referring to Claim recitation 49 d), Applicants assert that col. 19, lines 36-46, does not disclose creating an account for a purchaser in response to receiving an order for that purchaser. Still further, Applicants assert that the creation of the recited record is not inherent in view of the sold database 816 and/or the shipped database 820, as shown in Figure 12. First, the cited portion of Woolston '651 is silent on the operation of these databases. Second, the related portions of Woolston '651 teach away from Applicants' teaching of creating a record of a potential purchaser in response to an order from that potential purchaser. In contrast to Applicants' method of creating records, Woolston '651 discloses that the assignment node user enters data about a particular collectible by hand. See col. 3, lines 42-66. Further, the Examiner has not created a record sufficient to demonstrate that the sold database 816 and the shipped database 820 inherently respond to a purchase order to construct a record for the potential purchaser. To demonstrate inherence, the Examiner must provide the factual and technical grounds establishing that the inherent feature necessarily flows from the teaching of Woolston. *Levy*. Rather, the Examiner relies on col. 19, lines 36-46, which as noted above is silent as to the creation of a goods' (not a purchaser) record.

Claim 50 Dependent on Claim 49

The entire record made by the Examiner (see page 25, line 15 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 50** as being anticipated by Woolston '651 is reproduced as follows:

Claim 50. refer to Claim 34 and 71 analysis.

Applicants assert that Woolston '651 does not disclose that the successful purchaser of the collectible on the primary market may in turn direct that the purchased collectible be

offered for sale on the secondary market as discussed in detail with respect to Claim 34 and to Claim recitation 71 a).

Claim 51 Dependent on Claim 77

The entire record made by the Examiner (see page 25, line 16 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 51** as being anticipated by Woolston '651 is reproduced as follows:

Claim 51. refer to Claim 48 analysis.

Applicants assert that col. 17, line 60 - col. 18, line 5, which was relied upon by the Examiner in his analysis of **Claim 48**, does not disclose the recited database, much less the record stored thereon that can be updated to reflect the further order placed by the purchaser.

Claim 52 Dependent on Claim 49

The entire record made by the Examiner (see page 25, lines 17 - 21 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 52** as being anticipated by Woolston '651 is reproduced as follows:

Claim 52. both number of received orders and incrementing number of orders in response to receipt of each order are inherent and necessary steps for maintaining accurate and useful purchase history for each customer (participant).

Applicants traverse the Examiner's characterization of incrementing the number of received orders in response to the receipt of each order, in that the Examiner has failed to construct a record that logically and technically shows how the constructing of such a database leads one skilled in the art to increment the purchaser's record.

Claim 54 Dependent on Claim 49 and Claim 55 Dependent on Claim 54

The entire record made by the Examiner (see page 25, line 22 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claims 54 and 55** as being disclosed by Woolston '531 is reproduced as follows:

Claims 54 and 55. refer to Claim 43 analysis.

Appellants assert that Woolston '651 does not disclose the allocation of collectibles as a function of the ordering purchaser as recited in **Claim 54**, much less allocating collectibles

as a function of the number of orders received from each purchaser as recited in **Claim 55**. Further, Woolston '651 does not disclose constructing an account in the purchaser history database of the purchasing activity of the potential purchaser as elaborated in the discussion of Claim recitation 49d).

Claim 56 Dependent on Claim 49

The entire record made by the Examiner (see page 25, lines 22 - 63 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 56** as being anticipated by Woolston '651 is reproduced as follows:

Claim 56. updating record of the purchaser ..data indicative of the purchaser's allocated collectibles (refer to Fig. 12 "sold" and "fore sale" database and col. 14 L 57-63).

The passage relied on by the Examiner, col. 14, Lines 57 - 63, discloses "a database of goods for sale" (see line 57 and 58), rather than an account in a database for each of the potential purchasers as recited in Claim 49. Further, Claim 56 cites the updating of the records with data indicative of the purchaser's allocated collectible(s).

Claim 57 Dependent on Claim 56

The entire record made by the Examiner (see page 25, lines 26 - 29 of the March 12, 2004 Office Action) to support his §102(e) rejection of **Claim 57** as being anticipated by Woolston '651 is reproduced as follows:

Claim 57. receiving bids from purchasers during said secondary offering..determining winning bids (refer to discussion of auction as discussed in col. 5 L 46 - end of col. 6).

The passage cited by the Examiner, col. 5, line 46 to end of col. 6, does not disclose the determining of the winning bids on the secondary market and updating the record(s) of the purchaser(s) having winning bids with data indicative of the purchases collectibles. In particular, the passage cited by the Examiner discloses that "the good may be posted on the consignment node" (col. 5, lines 51 and 52), in contrast to Applicants who update the records of the purchaser (not the goods).

**The Examiner's Record Fails to Show that Appellants' Claims are Obvious
(35 U.S.C. Section 103) over Woolston '265'**

The Non-Final Office Action dated March 12, 2004 rejects Claims 70, 41, 43, 82 – 85 and 104 – 109 under 35 U.S.C. Section 103(a) as being obvious over U.S. Patent No. 5,845, 265 (Woolston '265) and further in view of admitted prior art.

The Supreme Court mandated in *Graham*, that an analysis must be made into each of: 1) the scope and content of the prior art, 2) the differences between the prior art and the claimed subject matter, and 3) the level of ordinary skill in the art at the time the invention was made. The USPTO bears the initial burden of establishing that a claimed invention has satisfied these three inquiries. *Piasecki*. Applicants assert that the Examiner has not created a record of all three *Graham* inquiries for each of Claims 70, 41, 43, 82 – 85 and 104 - 109.

Independent Claim 70

The entire record made by the Examiner (see page 27, line 4 to page 16, line 24 of the March 12, 2004 Office Action) to support his Section 103(a) rejection of Claim 70 based upon Woolston '265 is reproduced as follow:

Claim 70. Per the admitted prior art as recited in the Background of the Invention of the instant application, in the course of an initial public offering (IPO) of securities often due to the demand for the security, a purchaser is not allocated the requested number of securities. Rather, the broker, in an attempt to satisfy as many of his/her clients as possible, reduces the number of stocks and allocates them in accordance with the well-known algorithm, i.e., rewarding his/her best clients with the most shares. Alternatively, the securities may be offered on a first come first served bases, an old and well known technique of allocation of goods which are in limited supply.

It is asserted that the problem of allocating available goods or merchandise is analogous to that of allocating securities in an IPO as discussed above. In a situation like this the entity charged with a task of allocating the goods or merchandise where there is more demand then available supply and the entity is faced with a problem of allocating the goods in a manner that may be perceived equitable to all purchasers. It is also asserted that counting the number of good items and comparing it to available number of items and determining as claimed are inherent to allocating of the items among the ordering purchasers.

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to implement the allocation step in Woolston such that the

collectibles are allocated according to teaching of the IPO Offering (IPO) on the basis of a predefined algorithm.

Examiner takes official notice that allocating items or collectibles to ordering purchasers on the basis of first come first served, i.e. those purchasers ordering earlier with respect to the starting of the offering. Examiner asserts that this well known business practice amounts to inverse function as recited (allocation on the basis of chronological order of receipt of the orders).

It would have been obvious to one of ordinary skill in the art at the time of the invention to using the algorithm as discussed above and as claimed because it would prompt the ordering purchasers to place orders earlier thereby timely completion of the offering.

It would also be been obvious to one of ordinary skill in the art at the time of the invention to computerize the aforementioned process in order to improve accuracy and efficiency of the computation of allocation of collectibles and would enable larger population to participate in the offering.

With respect to **Claim 70**, the record as stated above fails to disclose the following recitations: 1) A method of managing an initial offering of collectibles for sale; 2) communicating an initial offering; 3) receiving orders from the ordering purchasers; 4) counting the number of collectibles; 5) comparing said total number of counted collectibles; 6) determining whether the number of ordered collectibles exceeds the predetermined number of offered collectibles; and 7) said predefined algorithm increases the number of collectibles to be allocated to a certain purchaser.

Claim 70 Preamble and Recitation 70a): The Examiner has failed to establish a record that Woolston '651 discloses managing an initial offering of collectables, and communicating an initial offer of a predetermined number of the collectibles for a predetermined period of time as explained by the analysis of recitation 70a) above.

Claim recitations 70c) and d): Woolston does not teach receiving orders from the ordering purchasers, where each order bares the number of collectibles ordered by the purchasers, and counting the number of collectibles for which orders have been received to provide a total number of ordered collectibles.

Claim recitation 70e): Woolston also fails to teach the comparing the total number of ordered collectibles with the predetermined number of collectibles and, if greater, reducing the number of collectible to be allocated.

Claim recitation 70f): Woolston does not disclose that the number of collectibles is increased as an inverse function of the time between the beginning of the auction and submission of an order.

The Examiner states, as reproduced above, that the “allocating of securities in an initial placement offering” is prior art. In this regard, the Examiner has cited in the Office Action dated May 17, 2002 an article entitled “The Stock Exchange of Hong Kong Limited” and is dated June 26, 1998. This article only describes IPOs for securities. The Examiner also alleges above that Appellants have admitted that the prior art includes conducting “an initial public offering (IPO) of securities” and , if the broker can not meet the demand for the offering securities, the broker -- - reduces the number of stocks and allocates them” to award “his/her best clients with the most shares.”

The issue that needs to be addressed is not only whether the “The Stock Exchange Article” or the Examiner’s taking official notice that an IPO for securities is prior art, but whether the offering of collectibles for sale is analogous to the offering of securities for sale. The only comment in the Examiner’s record (reproduced above) with respect to claim 70 is, “It is asserted that the problem of allocating available goods or merchandise is analogous to that of allocating securities in an IPO as discussed above.” Appellants respectfully traverse this statement for the following reasons. Collectibles per se, unlike securities, are not inherently commodities, and can be readily sold in a market if the condition of the collectible is determined and/or maintained as only taught by Appellants. On the one hand, securities represents an interest in a certain company. The value of a security depends inherently upon the profitability and/or the assets of the company. In turn, the value of the stock facilitates the sale of the stock and renders it a commodity. Applicants particularly traverse the comments above that both securities and collectibles may be offered in the same manner for sale. In particular, Appellants teach that to offer collectibles for sale, the condition of the collectible is determined and/or maintained. On the other hand, the condition of a particular stock certificate or maintaining its

condition is irrelevant to the value of the related security, much less the marketability of such certificates.

To carry out this invention on an electronic market or over the Internet (or the like) requires commoditization and the trust of potential purchasers that the particular collectibles being traded are fungible--that is, each listing must be of a known or predetermined condition. Unlike securities, collectibles are tangible forms of property, the trading of which has historically involved the back and forth haggling over condition. Collectibles cannot therefore be considered inherent commodities. This application teaches the determination and preservation of condition by the administrator or issuer so as to commoditize the collectibles.

To enhance the commodizing of collectibles, the issuer can provide a history of the collectibles to convince potential purchasers that the offered collectibles are of a certain, predetermined condition. Particularly, in the context of selling collectibles over the Internet or the like where the potential purchaser is not able to actually inspect the offered collectibles, it is important to provide the prospective purchaser(s) with a history beginning with the issuance of the collectibles. In this invention, the issuer of the collectibles is responsible for determining the predetermined condition of the collectibles at the point of issuance. These problems as they relate to the marketing of collectibles and to the condition of collectibles are of no concern in the selling of securities. Thus Appellants assert that the marketing of securities is not analogous to Appellant's selling of collectibles. It is abundantly clear that the above described steps of determining, maintaining and keeping a record may not be properly rejected over "The Stock Exchange" article or the Examiner's Official Notice that marketing securities is analogous to selling collectibles.

The Appellants respectfully assert that the burden to demonstrate that merchandizing securities is analogous to offering collectibles for sale falls on the Examiner and that the single sentence reproduced does not meet that burden.

Claim 41 is Dependent Successively through Claim 72 on
Independent Claim 71 and Claim 43 is Dependent on Claim 41

The entire record made by the Examiner (page 28, line 25 to page 39, line 3 of the March

12, 2004 Office Action) to support his Section 102(e) rejection of dependent Claims 41 and 43 is reproduced as follows:

Claims 41 and 43. Woolston fails to teach that if said total number of collectibles exceed the predetermined number of collectibles, said step of allocating reduces the number of collectibles to be allocated to selected of the ordering purchases in accordance with a predetermined algorithm which includes direct function of the magnitude of purchaser activity.

Per the admitted prior art as recited in the Background of the Invention of the instant application, in the course of an initial public offering (IPO) of securities often due to the demand for the security, a purchaser is not allocated the requested number of securities. Rather, the broker, in an attempt to satisfy as many of his/her clients as possible, reduces the number of stocks and allocates them in accordance with the well-known algorithm, i.e., rewarding his/her best clients with the most shares. Alternatively, the securities may be offered on a first come first served bases, an old and well known technique of allocation of goods which are in limited supply.

It is asserted that the problem of allocating available goods or merchandise is analogous to that of allocating securities in an IPO as discussed above. In a situation like this the entity charged with a task of allocating the goods or merchandise where there is more demand then available supply and the entity is faces with a problem of allocating the goods in a manner that may be perceived equitable to all purchasers.

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to implement the allocation step in Woolston such that the collectibles are allocated according to teaching of the IPO offering (IPO) on the basis of a predefined algorithm which includes direct function of the magnitude of purchaser activity, because it would allow the seller to fairly distribute the limited supply of collectibles and reward certain preferred customers who are loyal to the entity offering the collectibles.

The Examiner admits in his above record that “Woolston fails to teach that if said total number of collectibles exceeds the predetermined number of collectibles, said step of allocating reduces the number of collectibles to be allocated to selected of the ordering purchasers in accordance with a predefined algorithm which includes direct function of the magnitude of purchaser activity.” Further, the Examiner does not challenge that Woolston does not disclose an initial offering of collectibles on the primary market as explained above with respect to Claim recitation 71 a). Further, Woolston only offers collectibles one at a

time on the secondary market as detailed above with respect to Claim recitation 77 c). Finally, Woolston lacks any explicit teaching of the above recitations and fails to provide any technical, logical teaching of how the above recitations flow from the disclosure of Woolston. *Levy*.

In his above record, the Examiner asserts that the prior art includes certain methods of merchandizing securities and that such methods are analogous to Appellants' methods of offering collectibles for sale. Appellants have addressed these issues in their argument regarding Claim 70 above and, similarly, assert that the art of selling securities is not analogous to the selling of collectibles and that claims 41 and 43 are clearly patentable.

**Claim 82 is Dependent via Claim 81 on Independent Claims 77
and Claims 83 – 85 are Variously Dependent on Claim 82**

The entire record made by the Examiner (see page 30, lines 4 - 23 of the Non-Final Office Action dated March 12, 2004) to support his Section 103(a) rejection of Claims 82 – 85 based upon Woolston '265 is set out as follows:

Claims 82-85. Woolston fails to teach step of allocating counts the number of collectibles for which orders have been placed, .. compares said number of counted collectibles with said predetermined number of collectibles ... if said counted number of collectibles exceeds said predetermined number of collectibles, said step of allocating reduces the number of collectibles to be allocated in accordance with a predefined algorithm, .. said algorithm allocating the number of collectibles to one or more purchasers as a direct function of said purchasing activity of the one purchaser (per analysis of claim allocation requires that the entity allocating counts number of collectibles orders versus the available number, it is obvious that if the number of collectible ordered (i.e. counted) is less than the available amount (the predetermined number) each purchaser receives the ordered amount). On the other hand if the ordered total count is higher than the available (limited) number of collectibles must be allocated in accordance with one or more methods discussed above). Refer to claims 41 and 43 for further analysis and motivation.

In the above record made by the Examiner, he admits that "Woolston fails to teach that the step of allocating counts the number of collectibles for which orders have been placed, -- compares said number of counted collectibles with said predetermined number of collectibles --- if said counted number of collectibles exceeds said predetermine number of

collectibles, said step of allocating reduces the number of collectibles to be allocated in accordance with a predefined algorithm, -- said algorithm allocating the number of collectibles to one or more purchasers as a direct function of said purchasing activity of the one purchaser”.

The undersigned does not understand the remaining part of the record reproduced above, i.e., the record reads “(per analysis of claim allocation “ through “further analysis and motivation ”. The remaining part of the record indicates that certain steps “are obvious” but does not specify the particular prior art that is being applied to these recitations. The undersigned requests the Examiner to clarify and, in particular, to identify the prior art on which he relies.

Claims 104 and 105 each Dependent on Claim 102,
Claim 106 Dependent on Claim 105, **Claim 107** Dependent on Claim 106,
Claim 108 Dependent on Claim 107, and **Claim 109** Dependent on Claim 108

The entire record made by the Examiner (page 25, line 30 to page 26, line 30, and page 30, lines 24 - 36 of the March 12, 2004 Office Action) to support his §103(a) rejection of **Claims 104-107** as being obvious in view of Woolston ‘651 is reproduced as follows:

Woolston fails to explicitly teach specific steps pertaining to maintaining condition of in specific manner recited in claims 104 – 107. However, over the years, numerous court decisions have analyzed the content of various claim language for meaningful, useful differences in structure or acts performed between the claims and the prior art. Some of these decisions have found that certain language adds little, if anything, to the claimed structure or acts and thus do not serve as a limitation on the claims to distinguish over the prior art. For example, language directed to an intended use of dispensing popcorn in a claim for a product did not result in a structural or functional difference with respect to prior art and were held not serve as a limitation on the claim. See *In re Schreiber*, 44 USPQ2d 1429 (CAFC 1997).

Thus, a limitation on a claim can broadly be thought of then as its ability to make a meaningful contribution to the definition of the invention in a claim. In other words, language that is not functionally interrelated with the useful acts, structure, or properties of the claimed invention will not serve as a limitation. See *In re Gulack*, 217 USPQ 401 (CACF 1983), *Ex parte Carver*, 227 USPQ 465 (BdPatApp&Int 1985) and *in re Lowry*, 32 USPQ2d 1031 (CAFC 1994) where language provided certain limitations because of specific relationships required by the claims.

In the instant case “storing the predetermined condition” (claim 103) and “maintains the condition of the collectibles” in any one or more desirable methods as recited (claims 104 – 109) have no functionally interrelated with the acts of (a) offering ..(b) allocating..(c) creating... and (d) implementing.. of claim 102. In other words, these steps (or acts) are performed regardless of the method applied for storing the collectibles. These limitations of claims 104 – 109, therefore do not serve as a limitation per In re Gulack as stated above.

It would have been obvious to one of ordinary skill in the art at the time of invention to store the predetermine condition of the collectible in the record and further maintaining the condition of the collectibles per recitation of claims 104-109, because these steps do not functionally relate to the steps in the method claim 102 and because the implementation of the steps recited in claims 104-109 do not patentably distinguish the claimed invention of parent claim 102.

Appellants have responded to the proceeding rejection of claims 104 – 109 and have provided their argument traversing the nonfunctional descriptive material rejection, which arguments are discussed above with respect to the recitation 71(e).

The Examiner’s record of the rejection of **Claims 104-117** also includes:

Claims 104-107. (exemplary analysis provided for claim 104), Woolston, fails to teach explicitly that step c) maintains the condition of the collectibles by placing a plurality of the collectibles in a benign environment.

However, it is asserted that storing collectibles in appropriate places and environment so as to preserve their originality, prevent deterioration due to environment, maintain appearance as well as safekeeping is extremely well in the art. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the Woolston or to combine the reference teachings in order to implement various methods deemed appropriate for maintaining the condition of the collectible.

The Examiner admits that, “Woolston, fails to teach explicitly that step c) maintains the condition by placing a plurality of the collectibles in a benign environment. “Following that admission, the Examiner further asserts that “maintaining appearance (of collectibles) is extremely well (sic) in the art” and thus “would have been obvious to modify Woolston --- to maintain “the condition of the collectible.” Appellants respectfully assert that such a

rejection does not spell out a sufficient basis for such a rejection, much less establish an adequate record .

The Examiner further asserts that it would "obvious to modify the Woolston or to combine " Woolston with "the various methods deemed to appropriate for maintaining the condition of the collectible" which were deemed to be well known in the art. Applicants assert that the Examiner's above statements as to combining and being "available to one of ordinary skill in the invention" are merely conclusionary in nature and do not adequately support the Examiner's record. In particular, Applicants are not merely disposing the goods in a benign condition, but are further keeping the collectibles in a benign condition during the steps of initially offering the collectibles for sale, allocating the collectibles and constructing a record for each of the purchasers. The Examiner's attention is also directed to Applicants' analysis of Claim recitation 71d).

**The Examiner's Record Fails to Show
that the Specification Does Not Support Certain Claims**

The Non-Final Office Action dated March 12, 2004 objects to the specification under 35 U.S.C. §112, first ¶, as failing to support the subject matter set forth in Applicants' Claims 62-69 and 108 - 114.

The entire record made by the Examiner (see page 3, line 15 - page 5, line 12 of the March 12, 2004 Office Action) to support his objection to the specification as failing to support Claims 62-69 is reproduced as follows:

The test to be applied under the written description portion of 35 U.S.C. §112, first paragraph, is whether the disclosure of the application as originally filed reasonably conveys to the artisan that the inventor had possession at that time of later claimed subject matter. Vas-Cat, Inc. v. Mahurkar, 935 F.2d 1555, 1565, 19 USPQ2d 111, (sic) 1118 (Fed. Cir. 1991), reh'rg denied (Fed. Cir. July 8, 1991) and reh'rg, en banc, denied (Fed. Cir. July 29, 1991).

Claim 62 recites limitation "communicating..message prompting each purchasers to effect selected of the following: i) to keep their ..collectibles in the protective environment ii) offer for sale on the secondary market.., and iii) forward the identified collectibles..to the.. purchasers.

The specification fails to teach the communication message as recited. The specification on p. 13 L 1-20 discloses the following "notices are transmitted in step 126, typically via the Internet, to each of the successful purchasers informing them that they had winning orders and the number of cards 40 allocated to each. ..further, these notices also inform the purchasers of their options to have the awarded cards 40 sent to them or at their choice, to escrow the purchased cards 40 with the purchasing administrator or another escrow agent." As pointed out by the applicant, the specification further discloses: At page 13, lines 24 and 25 "The escrowed cards 40 are stored in a benign environment to protect the condition of the cards";

(this section fails to disclose that the message (notice) allows the purchaser to select the option of (1) awarded cards sent to them or (2) escrow the purchased cards. There is no disclosure of the purchaser receiving message that would prompt the purchaser to select the option of keeping their collectibles in the protective environment because purchaser is not informed in any way how the escrowed collectibles (cards) are stored)

Furthermore, as the applicant points out the specification at p. 14 lines 12-16 states "If the purchaser has escrowed the cards 40, the steps download a web page (not shown) to ask his purchaser whether he/she wishes to sell any of his escrowed cards..", and at page 14 lines 19-24, "After initiating a resale of the escrowed cards 40 in a start step 140 step 141 downloads a web page 24 (not shown) bearing a form to be completed by the primary purchaser, now the card holder and the seller, authorizing the purchasing administrator to resell his/her escrowed cards 40 on a secondary market in the form of a 'trading floor' or secondary offering for sale.."

(note that the purchaser without downloading the web page would not be able to exercise option ii) of claim 2 which provides for "offer for sale in the secondary market". Claim 62 requires this option be provided as a part of the communicated message (i.e. the notice previously discussed). Therefore, it is evident that the message per disclosure does not include this option.)

Based upon the foregoing explanation it concluded that the applicant's arguments concerning objection to the specification under 35 U.S.C. §112, first paragraph not providing support for the invention as now claimed (claim 62 and dependent claims 63-69) are not persuasive and hence the rejection is maintained.

With respect to the section at page 13, lines 1 – 20, Appellants traverse the following statements of the Examiner: 1)"this section (referring to page 13, lines 1 – 20) fails to disclose that the message (notice) allows the purchaser to select the option of (1) awarded cards sent to them or (2) escrow the purchased cards. There is no disclosure of the purchaser receiving

message that would prompt the purchaser to select the option of keeping their collectibles in the protective environment because purchaser is not informed in any way how the escrowed collectibles (cards) are stored);”and 2) “(note that the purchaser without downloading the web pate would not be able to exercise option ii) of claim (6)2 which provides for ”offer for sale in the secondary market” Claim 62 requires this option be provided as a part of the communicated message (i.e. the notice previously discussed). Therefore it is evident that the message per disclosure does not include this option.)”.

Responding to the first statement of the Examiner, Appellants respectfully assert that the section of the specification quoted above fully support the recitations of claim 62. In particular, the above section, page 13, lines 1 – 20, describes the flow diagram of Figure 5 and clarifies that the notices or messages are sent in step 126 to the purchaser, to whom the collectibles are allocated, to “prompt” or to permit in step 132 the successful purchaser to escrow the cards in a benign environment or to have the collectibles forwarded to the successful purchasers. Further, according to the Examiner, there is no disclosure of a successful purchaser receiving a message that would prompt the purchaser to escrow the collectible because the purchaser is not aware of how the collectibles are stored. First, neither claim 62 nor recitation 62 d) requires that the purchasers must know the condition of the collectibles. If knowledge of the condition of the collectibles should be required (which the undersigned does not believe), , the administrator “guarantees”. i.e., at least informs, the condition of the collectibles to the potential purchasers, as disclosed at page 16, line 10 +.

With respect to page 14, lines 12 – 16 and 19 – 24 of the specification, Appellants respectfully assert that the Examiner has misstated this rejection on insufficient disclosure under 35 U.S.C. Section 112, 1st Paragraph and has misinterpreted the scope of the claim 62. The undersigned does not understand the basis of rejection as described by the following statement: “(note that the purchaser without downloading the web page would not be able to exercise option ii of claim (6)2 which provides for ‘offer for sale in the secondary market’. .Claim 62 requires this option be provided as a part of the communicated message (i.e. the notice previously discussed .)” The Examiner has misstated his rejection by failing to identify what recitation(s) of claim 62 are not adequately disclosed by the specification of this application. Perhaps the

Examiner is requiring the recitation of the details of a narrow embodiment of this invention, rather than broadly claiming the invention as Appellants have done in the present claim 62. Appellants are not obliged to narrowly claim their invention unless required to do so by the prior art. In this instance, the undersigned asserts that the prior art does not require Appellants to recite the step of “downloading the web page” as implied by the above statement of the Examiner. Step d) of Claim 62 recites the relationship between the message and the option (ii) of offering collectible on the secondary market, and reads “communicating with each of the purchasers who has purchased uncirculated collectibles a message prompting such purchasers to effect selected of the following” (followed by recitation of options (i), (ii) and (iii)). As shown in Figures 5 and 6, a message or notice is generated in step 126 to the successful purchasers, and the message “inform(s) the purchasers of their options to have the awarded cards 40 sent to them or, at their choice, to escrow the purchased cards” -- . See page 13, lines 9 and 10). After the cards are escrowed in step 132 , step 038 confirms that certain cards have been escrowed and step 138 asks the successful purchaser whether he/she wants to sell the purchased cards on the secondary market. It is respectfully asserted that the recitations of claim 62 and, in particular, recitation 62 e) are supported by the showing of steps 106, 128, 130, 132, 136 and 138, and the related parts of the specification of the subject application. It is clear from this description of the Appellants’ specification that the option is not “provided as a part of the communicated message” as asserted by the Examiner. Rather as recited in the claim recitation 62 d), the “message” prompts “such purchasers to effect” the option of offering allocated collectibles on the secondary market. Though the option is not a part of the message, it is clear that the message or notice does prompt the purchaser to select the option of purchasing collectibles on the secondary market as recited by claim 62 and supported by the specification of this application.

The entire record made by the Examiner (see page 5, line 26 to page 6, line 11 of the March 14, 2004 Office Action) to support his objection to the specification as failing to support Claims 108 and 109 is reproduced as follows:

Based upon the aforementioned citing of the disclosure, it is asserted that the specification lacks teaching of communicating a message giving the selected purchaser the choice to maintain the condition of the collectible by placing it either in the protective casing or the benign environment as per claims 108 and 109. The message disclosed in

the specification only informs the purchasers their options to have the awarded cards sent to them or to escrow the purchased cards (p. 13 lines 26 and 27, the purchaser is not notified as to where the escrowed cards are stored). Therefore, the applicant's arguments concerning objection to the specification under 35 U.S.C. §112, first paragraph not providing support for the invention as now claimed (claim 108 and 109) are not persuasive and hence the rejection is maintained.

Each of claim 108 and claim 109 dependent thereon re cites, "the steps of communication to at least one of the selected purchasers a message giving the selected purchaser the choice to maintain the condition of the collectibles by placing it either in the protective casing or in the benign environment." As admitted by the Examiner, the specification at page 13, line 26 and 27 discloses that a notice is sent to the successful purchaser in a protective sealed case purchaser or to be escrowed, See page 13, lines 9 - 13. Appellants traverse the Examiner's statement that "the purchaser is not notified as to where the escrowed cards are stored." Contrary to the assertion of the Examiner, the escrowed cards 40 are stored in a benign environment to protect the condition of the cards." See page 13, lines 25 and 26 of this application. Thus, Appellants respectfully assert that the recitations of claims 108 and 109 are fully supported the specification under 35 U.S.C. Section 112, 1st paragraph.

The entire record made by the Examiner (see page 6, lines 12 – 30 of the March 12, 2004 Office Action to support his objection to the specification under Section 112, 1st paragraph, as failing to support **Claims 110 – 114** is reproduced as follows:

Claim 110 and dependent claims 111-114 recite limitation..a server being programmed to "store the determined condition of the collectibles that are offered for sale;". As asserted by the applicant this limitation is disclosed at page 13, lines 11-17 as explained with respect to discussion of Figure 5. The disclosure teaches that the purchaser history database 28 is updated at step 130 to indicate that the cards have been delivered to the purchaser. There is no teaching of the database 28 being updated to "store the determined condition of the collectible that are offered for sale" as recited in limitation a) of claim 110. The specification teaches that the indication of condition of cards is provided via a temper-evident case (p. 13 L 14-20). Please note lines 18-20 which reads "If it was apparent that the case was still in tact, then there is a strong indication that the cards 40 are in "mint" condition.."

Therefore, the applicant's arguments concerning objection to the specification under 35 U.S.C. §112, first paragraph not providing support for the invention as now claimed (claims 110-114) are not persuasive and hence the rejection is maintained.

Appellants respectfully traverse the following statement: “There is no teaching of the database 28 being updated to ‘store the determined condition of the collectible (sic) that are offered for sale’,” as recited in recitation 110 a). Contrary to the Examiner’s assertion, page 10, lines 23 – 27 of this specification discloses that the administrator may enter via the data input 34 into a database “the important attributes of that collectible 40”. At page 13, lines 26 30, and page 16, lines 9 – 14, the specification discloses that one of those important attributes is the condition of the collectible and that the Administer guarantees the condition to the purchase. Further, page 14, lines 2 – 6 indicates that this guarantee is communicated to the potential customer and is relied upon by the potential purchaser to make his/her purchase. As explained with respect to Figure 5, step 130 delivers the cards 40 to a purchaser in a protective case and updates the purchaser history database 28 of such delivery, which is an “indication of their condition” (see page 13, lines 11-17). Further, step 132 places the cards in escrow, i.e., a protective condition, and updates the purchaser database 28 to indicate that the cards have been escrowed and that their condition has been protected (see page 13, lines 21-27). In view of such disclosure, Applicants assert that their specification fully supports their Claims 110-114.

The Examiner’s Record Fails to Show that Certain Claims are Indefinite

The Examiner has rejected claims 71, 72, 34 – 38, 41, 43 – 45, 47, 48, 74 – 76, 77 – 95, 102, 103, 115 – 141, 49 - 52 and 54 – 57 are rejected as being indefinite under 35 U.S.C. Section 112, 2nd paragraph.

The standard adopted by the Federal Circuit to determine whether a claim is indefinite under 35 U.S.C. Section 112, 2nd Paragraph “is whether a claim reasonably apprises those of skill in the art of its scope.” *In re Warmerdam*, 21 USPQ2d 1755, 1759 (CAFC 1994). Appellants respectfully assert that that the Examiner has not applied this standard to any of the claims rejected as being indefinite and, therefore, has not established a record that satisfies the substantial evidence standard.

The Examiner has rejected independent claims 71, 77, 102 and 115 as well as claims 120 – 122, 72, 41, 43 – 45, 47-48, 34 – 36 and 78 – 95 variously dependent there from, as being indefinite under 35 U.S.C. Section 112, 2nd Paragraph. The Examiner identifies, “maintaining

the condition of collectibles during step a), b) and c” as the indefinite recitation. Appellant respectfully traverses the following reasons of the Examiner that these claims are indefinite: 1) “This step renders the claim indefinite because there is no positive functional relationship of this step (i.e. step e)) to steps a) – c).” and 2) “The steps performed by computer could be carried out regardless whether (sic) the condition of the collectibles are maintained or not.” The first reason doesn’t support the Examiner’s position in that the maintaining step has a functional relation to each of the steps a) – c), i.e., step e) maintains the condition of the collectible while at least each of the steps is being carried out as analyzed with respect to the Section 102 rejection of Claim 71. The second reason is also not convincing, because the recitations a) – c) and e) clearly require that when any of the steps a) – c) is operating, step e) must be carried out, namely the condition of collectibles must be maintained. Even though it is clear that Appellant has overcome the Examiner’s functional test, Appellants request the Examiner to cite a CAFC decision that would support his indefiniteness test that requires each recitation of a claim to functionally relate to each other recitation of that claim. The recitation that the “issuer may (or is enabled to) guarantee the condition”, describes the concrete and tangible benefits of the claimed invention. For these reasons, Appellants respectfully assert that these claims would inform one skilled in the art of their scope and therefore are definite under 35 U.S.C. Section 112, 2nd Paragraph.,

The Examiner further rejects independent claims 115 and 119, and claims 116 – 118 and 120 – 122 variously dependent there from as being indefinite under 25 U.S.C Section 112, 2nd paragraph. The Examiner bases this rejection on the lack of a functional relationship between the predetermined condition of a collectable and the steps of offering the collectibles for sale, effecting the sale and receiving a request. The Examiner is ignoring the apprising one skilled in the art as cited above and, in place thereof, asserts that a claim is indefinite if each step (any of steps 1) – c) does not functionally relate to each structure recited by the claim. The Examiner is requested to cite a relevant CAFC that supports such a test of indefiniteness.

X. CONCLUSION AND RELIEF REQUESTED

The Examiner has failed to create a record that establishes a *prima facie* showing that the appealed claims 71, 72, 34 - 38, 43 - 48, 73 - 81, 86-95, 73-76, 59 – 61, 96-103 and 110 -

141 are anticipated under 35 U.S.C. §102(e), and that the appealed claims 70, 41, 43, 82-85 and 104-109 are obvious under 35 U.S.C. §103(a). In particular, the Examiner has not produced a prior art reference or even a combination of such references that discloses each recitation of the above identified rejected claims. Further, the Examiner has rejected claims 71, 102 and 104-109 as being nonfunctional descriptive material without providing a sufficient explanation or citation of authorities to support his rejection.

The Examiner has also misinterpreted the Woolston patent when he asserts that this reference teaches among other steps or elements as detailed above the following aspects of Appellants' invention: 1) offering collectibles on an initial or primary offering; 2) an issuer of the collectibles, 3) keeping at least one collectible in a benign environment during at least the initial placement of the collectibles; and 4) creating a record for a prospective purchase in response to receipt of an offer to purchase a collectible from the prospective purchaser. The Examiner has failed to make any record of why claims 62 – 70 are not patentable under 35 USC §§ 102 or 103. Further, Appellants have pointed out above in detail those portions of the specification of the above identified application that adequately support under 35 USC §112, ¶2, each recitation of claims 62 - 69 and 108 - 114.

For these reasons and the legal standards cited above, the Board is respectfully urged to reverse the rejection of the Examiner and to remand the application to the Examiner with instructions to allow claims 34 – 38, 41, 43 – 52, 54 – 57 and 59 – 141, under appeal.

Respectfully submitted,



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